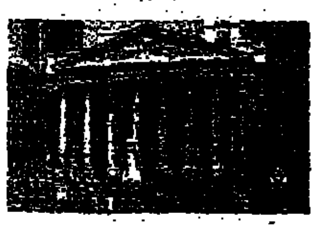


Central banks

Would independence work in Britain?

Page 14

If I had a hammer

How Finland's hard rock crushers win exports

Page 10

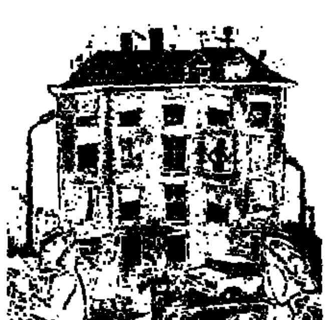
Surveys

● *Business travel management* **Section IV**

● *Venture capital* **Section III**

Tomorrow's **Weekend FT**

A taste of betrayal by the Stasi



FINANCIAL TIMES

Europe's Business Newspaper | FRIDAY SEPTEMBER 25 1992 | D8523A

Recession-hit UK car industry cuts 2,400 more jobs

The UK motor industry was hit by a fresh wave of redundancies as Ford, leading UK vehicle maker, said it would cut 1,487 jobs at its British plants because of continued recession in the new car market. Rolls-Royce Motor Cars, heavily loss-making luxury car subsidiary of UK engineering group Vickers, is to cut 950 jobs – or nearly a third of the workforce – at its Cheshire plant. Page 16; Details, Page 7; Honda to expand, Page 7; Vickers results, Page 17, Lex, Page 16

Fiat hit: Italy's biggest private-sector company, vehicle builder Fiat, reported a further steep fall in profits to L655bn ($520m) pre-tax in the first half from L1,455bn in the same period of 1991 because of falling demand. Page 17

UK minister quits: UK cabinet minister David Mellor resigned after a barrage of newspaper stories about his affair with actress Antonia de Sancha and stories about free holidays in Abu Dhabi and with Mona Bauwens, daughter of a Palestine Liberation Organisation member. Page 16; Editorial Comment, Page 14

Falling pound saves George Walker

Former Brent Walker chairman George Walker, (left) who has debts of £180m ($308m) was saved from bankruptcy when the falling pound pushed the value of debts held by backers of his plan for phased repayment beyond the 75 per cent of total debt value needed to approve it. Page 16

Seas united: A canal linking the Rhine and Main rivers in the north of Europe to the Danube in the south – thus connecting the North Sea and the Black Sea for the first time – opens today. Page 16

BA buys into France: British Airways, UK carrier, is acquiring a 49.9 per cent stake in the French regional airline Transport Aerien Transregional for £17.25m ($30m), with an option to buy the rest. The move is part of BA's strategy to create a global airline. Page 17

Admirals sacked: The US Navy sacked two admirals after the government found senior officers allowed pervasive sexism to cloud an investigation of an incident at a Las Vegas convention in which dozens of navy and marine pilots are alleged to have harassed at least 24 women.

Dow turns to D-Marks: US chemical giant Dow said its European chemical operations would begin invoicing in D-Marks immediately, abandoning the use of local currencies. Page 17

Romanian outlook: Elections in Romania this weekend are likely to produce a parliament where intolerant nationalists hold the balance between conservative former communists and a shaky coalition of reformist democrats. Page 4

Praise for Russians: A World Bank report on Russian economic reform pays tribute to the government's ambitious programme of macro-economic stabilisation and to the patience of the population in tolerating the consequences of reform. Page 4

Vance and Owen fly to troublespot: Peace mediators Cyrus Vance and Lord Owen today fly to Banja Luka in Bosnia to investigate reports of intimidation of Moslems and Croats. Page 4

Bank is optimistic: French bank Crédit Agricole, which does not release interim figures, says it expects to achieve net profits growth of between 4 per cent and 6 per cent this year despite the competitive state of the French financial markets. Page 17

TV launch: Arte, a Franco-German cultural television station, will be launched on Monday on French network TV. The bilingual station, based in Strasbourg, is already seen by cable television subscribers in France and Germany.

Warning from Wang: US computer group Wang Laboratories is to restate its financial results for the fiscal year that ended on June 30 to reflect additional restructuring charges resulting from its bankruptcy filing. The charges could be "substantial and result in a sizeable loss for the prior fiscal year," Wang said. Page 19

Hungary on top: The most popular east European location for the expansion of medium-sized companies is Hungary, a study shows. Page 19

STOCK MARKET INDICES

FT-SE 100:	2,521.2	(+40.7)
Yield	4.88	
FT-SE Eurotrack 100	1,041.31	(-2.46)
FT-A All-Share	1,234.41	(+1.4%)
Nikkei	18,580.95	(+327.23)
New York lunchtime		
Dow Jones Ind Ave	3,291.93	(+13.24)
S&P Composite	418.51	(+1.07)

US LUNCHTIME RATES

Federal Funds:	3 3/16%
3-mo Treas Bills: Yld	2.941%
Long Bond	97 3/4
Yield	7.432%

LONDON MONEY

3-mo Interbank	9 3/16%	(9 3/16%)
Life long gilt future:	Sep 98 13/32	(Sep 98 3/32)

NORTH SEA OIL (Argus)

Brent 15-day Nov	$20.575	(same)

Gold

New York Comex (Sep)	$349.2	(348.6)
London	$348.35	(same)

STERLING

New York lunchtime:		
$	1.70435	
London:		
$	1.7085	(1.7085)
DM	2.54	(2.565)
FFr	8.6375	(8.7525)
SFr	2.2325	(2.2375)
Y	206.25	(205.25)
£ index	83.1	(83.6)

DOLLAR

New York lunchtime:		
DM	1.4857	
FFr	5.034	
SFr	1.3045	
Y	120.45	
London:		
DM	1.4865	(1.5015)
FFr	5.0525	(5.1225)
SFr	1.306	(1.3095)
Y	120.65	(120.1)
$ index	61.5	(61.8)

Tokyo close Y 120.25

Austria	Sch30	Greece	Dr250	Lux	LFr60	Qatar	QR12.00
Bahrain	Din1.250	Hungary	Ft162	Malta	Lm0.50	S.Arabia	SR11
Belgium	BFr60	Iceland	IKr180	Morocco	MDh13	Singapore	S$4.10
Bulgaria	Lv25	India	Rs20	Neth	Fl 3.50	Spain	Pta200
Cyprus	C£1.00	Indonesia	Rp3600	Nigeria	Naira20	Sweden	SKr14
Czech	Kcs35	Israel	Shk5.50	Norway	NKr15.00	Switz	SFr3.00
Denmark	DKr14	Italy	L2500	Oman	OR1.50	Syria	SyP50.60
Egypt	E£4.50	Jordan	JD1.50	Pakistan	Rs35	Thailand	Bht50
Finland	FM10	Korea	Won 2500	Philippines	Pso45	Tunisia	Din1.250
France	FFr8.50	Kuwait	Fils.600	Poland	Zl 18,000	Turkey	L6000
Germany	DM3.30	Lebanon	US$1.25	Portugal	Es180	UAE	Dh10.00

'Core' states could end Maastricht delay

Delors suggests Franco-German lead on treaty

By David Gardner and Andrew Hill in Brussels and William Dawkins in Paris

FRANCE and Germany could proceed to economic and monetary union with a small number of European Community partners if other countries held up the Maastricht treaty, Mr Jacques Delors, president of the European Commission, suggested last night.

Mr Delors, in a thinly veiled reference to growing British opposition to Maastricht, said, "If some countries are looking for alibis for delaying the treaty, it may well be that others take the lead . . . This cannot be ruled out."

Mr Delors was careful not to name the countries which could proceed to speedier integration. But his remarks were the most concrete indications to date that France and Germany may be considering forging closer links based on an "inner core" of EC states.

Speculation about a "two-speed" split in the Community – under which a Franco-German "core", supplemented by the Benelux countries, would press ahead with political and monetary union – has been increased by this month's financial turbulence.

By throwing its full weight behind support for the French franc, the Bundesbank has underlined the intensity of Germany's political commitment to monetary ties with France. This has been in contrast to Germany's less enthusiastic support for maintaining parities with the lira and sterling – the two currencies which have now withdrawn from the exchange rate mechanism.

Pointing to the success of this week's Franco-German co-operation in defending the franc, Mr Delors said "the actions of every day bring us new lessons on how to proceed".

Officials in Bonn and Paris, meanwhile, denied a German newspaper report that the two countries had agreed to press ahead with "high-speed" union. Mr Dieter Vogel, the Bonn government spokesman, said, "These claims are invented and have no basis in fact." An official at the Elysée palace dismissed the story as "a flight of fancy".

However, this month's split between "hard" and "soft" European currencies has intensified the belief that a "two-speed" Europe is inevitable.

Mr Delors would not be drawn on specific proposals to restore order to the ERM. "I have to be cautious," he said. "To have a stable market we need to fulfil certain requirements. But it's not really the moment to put forward proposals. It will be necessary to think either about the ERM or about accelerating the process of economic and monetary union."

In an unscripted but impassioned attack on Maastricht's opponents, Mr Delors asked: "What do the partisans [of rejecting the treaty] propose instead? The short-term satisfaction of their public opinion and personal vanity. This is leading to decline and ridicule."

EC finance ministers will discuss possible reforms of the ERM at their regular meeting on Monday. British officials said the "shortcomings" of the ERM, underlined by Mr John Major, the British prime minister, would be discussed, in preparation for the special EC summit in Birmingham on October 16.

Pointing a finger is pure speculation..........Page 2

Commission finds itself under siege..........Page 2

US and Japan shy from investing in UK..........Page 3

Japan ready to slow yen's rise against dollar.....Page 16

Capital markets..........Page 21

Currencies..........Page 46

World stocks..........Back page section II

London shares..........Page 39

Dublin and Lisbon bring in tighter currency curbs

By Our Economics and Foreign Staff

IRELAND and Portugal yesterday introduced new foreign exchange controls to protect their fragile currencies, although signs emerged that some of the recent pressures in the European exchange rate mechanism were petering out.

While the punt and the escudo gained ground against the D-Mark, the battle to prop up the French franc appeared to be shifting in favour of the combined forces of the Bank of France and the Bundesbank.

This was signalled by the franc gaining about 1 centime on the day against the D-Mark, to close comfortably above its ERM floor, partly in response to the recent heavy action by the two central banks.

But the peseta was a notable weak performer, closing last night in London near its ERM floor after a large fall on the Madrid stock market sparked by Wednesday's introduction of exchange controls.

The Irish Central Bank yesterday tightened its foreign exchange controls to reduce selling pressure on the punt, which has weakened along with several other ERM currencies as investors have switched funds into the D-Mark.

This move led to Irish money market rates moving up by 7.25 percentage points against the base rate, while Portugal also introduced currency controls in an effort to stop money flowing out of the escudo.

In the past week, the pressures in the ERM have forced the suspension from the mechanism of the pound and the lira, while the peseta has been devalued by 5 per cent against the other eight currencies in the grid.

In Madrid the stock market fell to its lowest level in more than five years yesterday and bond yields rose to historic highs, as investors sold domestic equities and debt following the introduction of exchange controls by the Bank of Spain.

The Commission will not say whether recent attempts by some member states to reimpose exchange controls are permitted under European Community legislation. A Commission spokesman said he had been instructed to make no comment. Brussels had earlier confirmed it was looking at the Spanish decision.

The Treaty of Rome calls for the free movement of capital across Europe, and a 1988 directive allows Spain, Portugal and Greece until the end of this year to remove capital controls.

Those three countries are allowed to reimpose controls if they consult the EC monetary committee, or, in an emergency, simply inform the Commission.

Other member states can agree to extend controls in Greece and Portugal until 1995, under certain conditions.

ICI and Du Pont near deal with Brussels on assets swap

By Andrew Hill in Brussels and Guy de Jonquières in London

IMPERIAL Chemical Industries of the UK and Du Pont of the US are close to a compromise with European Community competition authorities which would allow both companies to proceed with a planned swap of worldwide chemical assets.

The outline agreement has been negotiated between senior executives of the two companies and Sir Leon Brittan, the EC competition commissioner. It will be discussed by advisers to the 17 commissioners today and put to the full Commission on Wednesday.

Two weeks ago, the EC's merger task force, which reports to Sir Leon, concluded that the ICI-Du Pont deal would have to be blocked, on the grounds that it would give Du Pont a dominant position in the Europe nylon carpet fibre market.

The deal involves ICI swapping its worldwide nylon interests for Du Pont's acrylic business and £250m ($428m) in cash.

The companies had argued that it would be difficult to meet the task force's objections by divesting ICI's nylon carpet fibre business, because this is closely integrated with the rest of its fibre production.

Sir Leon is understood to have agreed a compromise involving ICI's fibres factory in Germany, one of three European plants to be transferred to Du Pont. The compromise is thought to fall short of a requirement that the factory be sold to a third party.

The Commission has been discussing with the two companies the possibility that part of the factory's capacity could be given up to a competitor, together with related research and development facilities.

A compromise should get the Commission out of a tricky political situation at a time when Brussels is under unprecedented pressure from member states to rein in its powers.

CONTENTS

John Smith, using his parliamentary debut as leader of the UK opposition to make a strong attack on the economic policies of John Major, during Thursday's emergency Commons debate

UK says £ may be out of ERM for a year or more

By Philip Stephens, Political Editor, in London

MR JOHN MAJOR put British membership of the European exchange rate mechanism on indefinite hold yesterday in the face of a bruising onslaught on the disintegration of his economic strategy.

In an emergency debate in the House of Commons, the prime minister said: "I do not believe that we shall be able to go back into the mechanism soon, or into the same mechanism we left."

Senior ministers said later that Mr Major meant Britain would probably be out of the ERM for at least six months and quite possibly for a year or more.

In his debut as leader of the opposition Labour party, Mr John Smith said Mr Major was now "the devalued prime minister of a devalued government".

Mr Major's speech followed an intense cabinet debate over the direction of economic and European policy, at which Mr Norman Lamont, chancellor of the exchequer, insisted on the dropping of the previous formula that the pound would be put back into the ERM "as soon as conditions allow".

To the fury of Euro-sceptics in his Conservative party, Mr Major said he would not renege on his commitment to ratify the Maastricht treaty. Mr Major declared there was no future for Britain as a "sour, isolated country off the mainland of Europe".

But he set a new condition for implementation of the agreement on European union. Mr Major said the European Community would have to give substance to the notion of subsidiarity – the devolution of decision-making. He reminded critics that the treaty would fall if Denmark did not reverse its No vote and concluded that his agenda was at the forefront of the European debate.

Mr Major did not spell out the reforms the UK will be seeking. In an effort to reassure markets that the devaluation of the pound and the subsequent cut in interest rates did not signal a willingness to accept a surge in inflation, Mr Major emphasised his determination to stick to public spending targets.

Labour leader's debut wins party acclaim..........Page 8

Maastricht treaty pledge from Major..........Page 8

Commission finds itself under siege

By Lionel Barber in Brussels

A SIEGE mentality grips the Breydel, the ultra-modern building in the centre of Brussels and home of the much reviled, much misunderstood European Commission.

As the dream of a centralised European union of 12 states built around the Maastricht Treaty has faded, the Commission's 12,000 staff fear they have become the whipping-boys of the European Community. At best, they admit, the glorious 1980s when the Commission reached the peak of its power will not be repeated for a long time to come.

This week, many of the Commission's fears were confirmed when German Chancellor Helmut Kohl launched a fierce attack on the Brussels bureaucracy. Citing European public opinion, he said Brussels was "too powerful, constantly expanding, and exterminating national identities".

Mr Graham Meadows, an expert on regional policy who has worked for 17 years at the Commission, says the scale of criticism is becoming unbearable. "It is getting to the point where you are putting the Community in jeopardy; all this criticism is sapping the institution's confidence."

Mr David Williamson, secretary general of the Commission, the top job in the Brussels bureaucracy, is less apocalyptic. But he agrees that ever since Danish voters rejected the Maastricht Treaty on European political and monetary union last June, it has suited friend and foes alike to single out the Commission as a power-hungry, centralising technocracy.

The result, he says, is that the Commission is exercising restraint. All legislative directives are on hold to check whether they are really necessary. The Commission's workload has dropped sharply.

Elsewhere Mr Pascal Lamy, the powerful chief of staff to Commission president Jacques Delors, has asked all EC member states to send in examples of Commission meddling.

Yet Mr Williamson, who used to advise Mrs Margaret Thatcher on Europe when she was British prime minister, correctly points out that it is not the Commission but the member states themselves who usually put forward the most controversial proposals – and who introduced 94 per cent of all legislation in 1990. And, he stresses, it is the member states themselves who bear the ultimate responsibility for passing the legislation through the European Council.

So why is the Commission suddenly in the firing line? It has long suited EC ministers to blame Brussels when they have had to compromise or lose in Council debates; this tendency increases in hard economic times.

Mr Meadows argues that weaker European leaders have become expert at "laying off" blame for their own domestic problems. "That's why the British have blamed the Germans for the devaluation of the pound," he says.

The big loser in the current blame game is Mr Delors, the architect of the 1992 single European market and the driving force – along with Mr Kohl and President François Mitterrand of France – behind the Maastricht Treaty. No one should count Mr Delors out; he is too much of an intellectual force and bureaucratic infighter to be written off.

But as one senior EC official said recently, Mr Delors was only as strong in the 1980s as the member states allowed him to be.

Now that the public in key nation states such as France, Germany and Britain are having second thoughts about Maastricht and the pace of European integration, Mr Delors, and the Commission, are much weaker than the popular rhetoric might suggest.

Pointing a finger is pure speculation

James Blitz and Emma Tucker on who brought Europe's currencies down

AFTER the unprecedented turmoil on the foreign exchanges in recent weeks, politicians and popular newspapers are baying for blood.

In Britain, Italy and Spain, politicians and central bankers are pointing accusing fingers at the speculators in the banks for forcing their currencies into humiliating devaluations.

As the French franc battled against devaluation this week, Mr Michel Sapin, the French finance minister, warned that during the French revolution speculators were beheaded.

Mr Norman Lamont, the UK Chancellor has described the "huge speculative flows" that drove the pound out of the exchange rate mechanism as a "whirlwind".

Foreign exchange analysts maintain that this is too simple a view of the market. "The foreign exchange market involves everybody from people going on holiday to government pension funds," said Mr Jim O'Neill, research head at Swiss Banking Corp in London.

"The number of people who can be involved is enormous and the idea that it was just speculators at the banks causing all the problems last week is utter rubbish."

There is little doubt that some interbank dealers have made big profits from the recent devaluations. It has been in the dealers' interests to sell sterling, the lira and the peseta when the currencies were at their floor levels in the exchange rate mechanism, forcing a devaluation. The dealers could then buy the currency back for less money at the devalued rate, and make a profit on the difference.

But bank dealers say that such speculation formed only a small part of the recent trading in European currencies, and that strict guidelines limit the amount by which they can speculate. Mr Peter Wood, Barclays finance director, said: "Barclays has strict prudential position limits, agreed with the Bank of England, that control our ability to take risks in the markets."

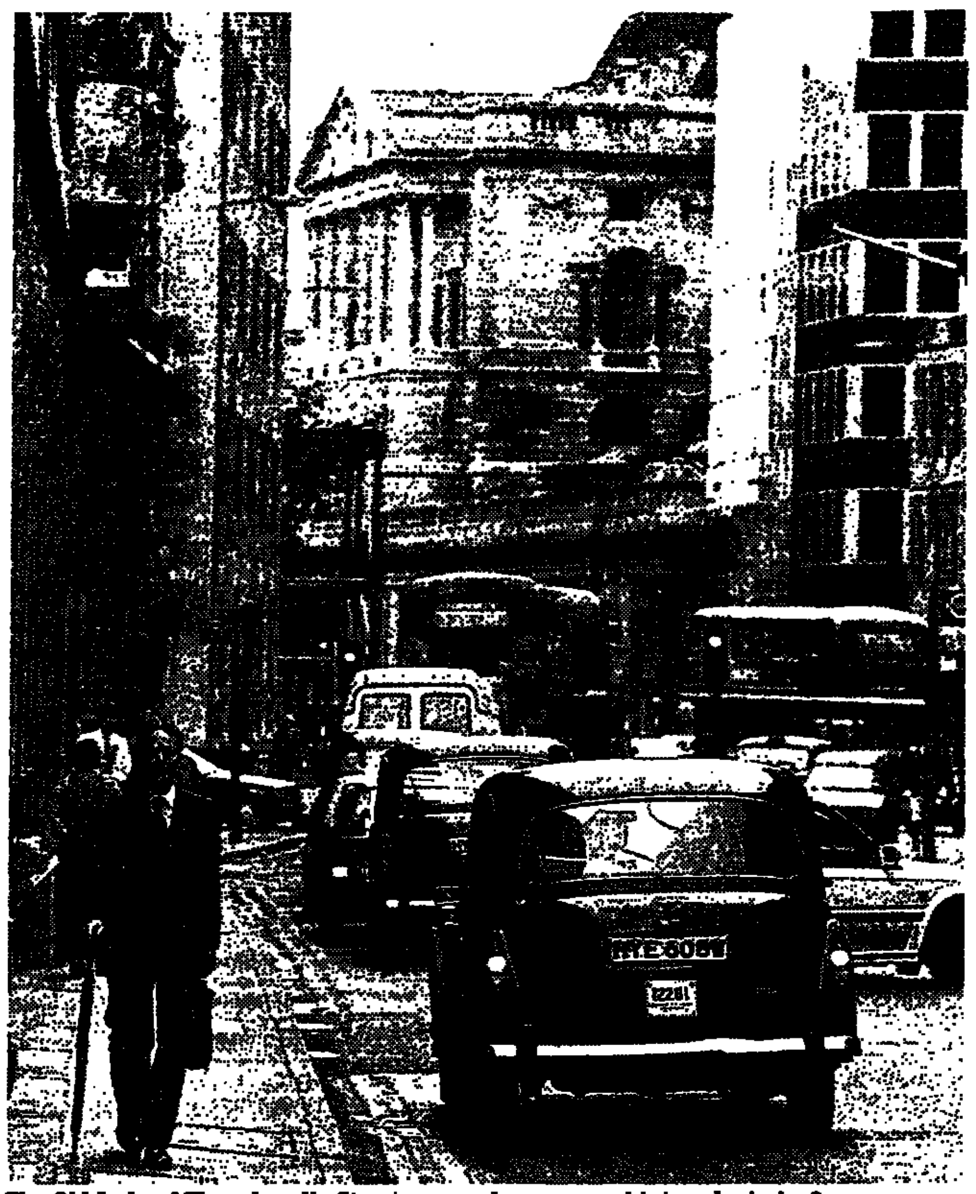
Foreign exchange analysts believe there are three other types of investors who, through the banks which operate on their behalf in the foreign exchange markets, in effect forced sterling, the lira and the peseta to devalue in recent days.

● Corporate treasurers, who took fright and sold the currencies as devaluation loomed. UK importers, for example, would have wanted to protect themselves from the greater costs of a sterling devaluation by buying D-Marks.

This was potentially a big movement of funds. It is said by critics of the way in which the foreign exchange markets operate that only 5 per cent of transactions carried out daily reflect underlying movements in trade between countries, while the rest is pure speculation. But one London-based analyst disagreed, saying that the 5 per cent did not take into account the boom in currency hedging by big corporations since the mid-1980s.

The huge fluctuations in the dollar/D-Mark rate in the 1980s encouraged companies then to buy forward contracts and swaps to protect their trading positions. "This dealing puts the figure for corporate-based trade in the market at 20 per cent," he says.

● Pension and investment fund managers in the US, Europe and Japan, an even bigger group of players, who have developed big currency exposures in the last five years. These institutions can have a much bigger potential impact on the foreign exchange market than the interbank dealers. A currency dealing room at a leading foreign exchange bank will have tens of millions of pounds with which to buy currencies in the market on a daily basis. But a big pension fund is able to move funds into different currencies to the tune of billions of pounds if it so wished.



The Old Lady of Threadneedle Street: mugged or managed into submission?

These investment funds invested heavily in currencies with the globalisation of the securities market in the mid-1980s. They bought currencies to hedge themselves against the risk that their underlying assets would lose their value with currency movements.

Although they take a long-term view of the markets, the big funds, especially in the US, were widely reported to be selling sterling in huge quantities last Wednesday.

● A broad range of investors around the world who bought currencies such as sterling and the lira in the mid-1980s for speculative reasons. The currencies had high interest rates attached and were believed to be an increasingly safe bet as the European Monetary Union project developed and inflation rates converged.

Mr Brendan Brown, head of research at Mitsubishi Bank in London, estimates that £40bn to £50bn worth of short-term capital flowed into the UK between 1985 and 1992 from investors attracted by high UK interest rates. Britain's entry into the ERM, which tied sterling to the D-Mark and heralded the prospect of lower inflation, encouraged the investors further.

This investment in the pound was massively reversed this summer. A fund manager at a large US bank has pointed out that Middle East and Far East clients were becoming increasingly worried about sterling ever since devaluation started to be mentioned by backbench politicians in the UK as early as June.

"If only 20 per cent of those who had bought sterling pulled their money out of the UK last week that would have accounted for the selling of £10bn," said Mr Brown.

The big winners in the sterling crisis according to Mr Brown, were not the interbank dealers, but these short-term investors in sterling.

"By buying the pound in the 1980s, they got a high return on the investment. When the Bank of England bought sterling last Wednesday, it in effect allowed these investors to get out of the currency without incurring any losses."

London thrives as biggest foreign-exchange centre

By Peter Norman, Economics Correspondent

LONDON has continued to build up its position as the world's biggest foreign-exchange trading centre but its business is shifting to non-dollar currency trading and the forward markets, the Bank of England said yesterday.

Reporting on a survey of foreign exchange activity in April this year, the Bank said total average daily turnover in spot and forward transactions increased to $303bn (£177.1bn), some 62 per cent higher than at the time of the previous survey in April 1989.

London accounts for about 30 per cent of global foreign-exchange turnover of about $1,000bn a day. The US markets are the second most important, handling $192bn in currency transactions daily for a rise of 49 per cent over the three years, while the Japanese market ranks third with $128bn turnover, up 10.8 per cent.

The survey found that the bulk of activity in London continues to be in trading sterling against the US dollar and in the D-Mark against the dollar. But while the dollar/D-Mark trade showed little change in market share since 1989, moving up slightly to 23 per cent from 22 per cent, sterling-dollar trading fell sharply to 19 per cent of total turnover from 27 per cent. Trading involving the D-Mark and currencies other than sterling grew over the three-year period.

In another shift, the share of total turnover accounted for by spot business fell by 14 per cent to 50 per cent of the total, reflecting a big jump in the market share of forward trading to about 50 per cent.

Forward trading volumes grew by 125 per cent from $65bn in 1989 to $146bn in 1992, while spot trading advanced 24 per cent to $147bn from $119bn. The main factor behind the expansion of forward trading was the growth of the swap market.

The Bank surveyed 352 banks and investment houses and 13 brokers for its survey. It found activity had become more heavily concentrated among big players, with the 10 most active organisations holding a combined market share in London of 44 per cent compared with 35 per cent for the top 10 in 1989.

Sweden acts to shore up shaky financial system

By Robert Taylor in Stockholm

THE SWEDISH government will introduce legislation this autumn designed to protect the country's financial system and secure credit supplies, it announced yesterday.

With Sweden's banks facing estimated credit losses totalling SKr90bn (£9.5bn) over the next five years, contingency action by the state is seen as vital to safeguard their activities.

The legislation will involve a state guarantee to underpin commercial banks and their subsidiaries and also other credit institutions, including the building societies which have a government affiliation.

The Finance Ministry said the aim was to reassure households, enterprises and other holders of claims that their finances will be safe, by creating a framework for the functioning of the banks and their subsidiaries. The cost of this rescue plan has not been revealed.

"The aim is to secure credit facilities and make it possible to finance housing", said Mr Bo Lundgren, tax minister. "It will also strengthen overseas confidence in the whole of the financial system." The government's commitment would remain as long as necessary and when it was phased out it would be done in such a way as not jeopardise the interests of creditors, he said. Housing interest rates fell yesterday as a result.

The proposals reflect government anxiety at the continuing deterioration in the position of Sweden's financial sector. Three days ago Standard and Poor's, the US credit agency, placed 13 of Sweden's leading financial institutions under review for possible downgrade.

The state has already been forced to intervene this year to save Nordbanken with SKr20bn worth of grants and guarantees and Forsta Sparbanken with SKr7.3bn and more recently the Gota Bank, a rescue plan for which is still being worked out.

The government is worried that other banks and financial institutions will also need financial support in the coming months if they are to avoid collapse. Mr Lundgren said that he did not rule out direct state ownership of a bank if this was necessary.

Paris holds the fort on the franc

William Dawkins wonders how long economic rectitude will be tolerated

FEAR and doubt have been part of currency speculators' motives for hammering the French franc in recent days.

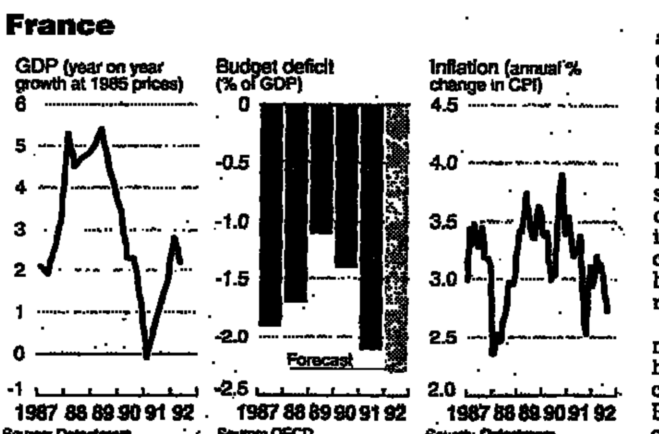
They appear to doubt that the unpopular French government can maintain the virtuous economic policies of the past decade and fear that the franc's link with the D-Mark will snap as a result – despite assurances from the Bundesbank, the Banque de France and most economic analysts that the franc/D-Mark parity is justified by France's past economic performance.

There are, however, questions over French economic policy, even if the risks of deviation are slight by the standards of some of less economically stable neighbours.

The national divisions exposed by the Maastricht campaign and the very narrowness of France's *"petit oui"* for European union do not just imply popular dislike for the treaty. They also indicate discontent with the human costs of the government's policies of competitive disinflation, which are exactly in line with the treaty's criteria for monetary union.

So France's close call over Maastricht invites the question of how much longer its electorate will tolerate rigorous monetary and economic policies and how the government might respond to this pressure.

France has for eight years suffered among the highest rates of unemployment – a record 2.9m or 10.3 per cent in July – in the Organisation for Economic Co-operation and Development (OECD), the main blight on an otherwise resilient economy.



This is partly a consequence of successive governments' rigid adherence to competitive disinflation and maintaining the franc/D-Mark parity, policies which leave almost no room for stimulating the domestic economy in hard times.

Despite the government's entreaties to industry to show more optimism, output rose by a mere 1.25 per cent in real terms in 1991, according to the OECD, and should rise just 2 per cent this year. Even that will be hard to achieve, given that the latest survey from Insee, the state statistics institute, reports that growth practically ground to a halt in the second quarter of this year.

The big reward of French government's monetary and budgetary rigour has been one of Europe's lowest inflation rates. France's annual inflation, currently at 2.7 per cent, dipped below Germany's in June 1991 for the first time since the early 1970s and looks set to hold that advantage.

Just how tough has been the control in the money supply is underlined in the latest figures for bank credits, up 4.7 per cent in France in the first six months of the year, as against 11 per cent in Germany over the same period, according to Crédit Lyonnais.

All this has fed through to significant gains in industrial competitiveness, with hourly wage costs 16 per cent below those in Germany. The reward has been a sharp improvement in the trade balance, with a surplus of FFr19.35bn (£2.2bn) in the first eight months of this year, against a deficit of FFr29.6bn for the same period in 1991.

Some of this has been due to a one-off surge in export demand from German unification, as underlined by the fact that France's trade account swung sharply into a FFr3bn deficit last month from a FFr6bn surplus in June. Even so, the French government is convinced that there is a real improvement in industrial competitiveness which will bring lasting gains on export markets.

So far, successive governments have held the line, helped by a more or less solid consensus on economic policy. But last weekend, the political establishment received a slap in the face from the provincial electorate, which complains that the élite – whether in Paris or Brussels – is out of touch with its concerns.

The shadow of legislative elections next March and a possible snap presidential election can only increase the temptation for political parties to deviate from the stern economic line of the past.

The evidence against this happening, at least on the interest rate front, has been encouraging in the past few days. A U-turn by Mr Michel Sapin, the finance minister, is the prime example. He hinted last week that a Yes to Maastricht might open the way to lower French interest rates. But he did not hesitate to raise them on Wednesday when needed to defend the franc, even if it meant appearing to go back on his word only three days after the vote.

"As far as French interest rates are concerned, the sky is the limit. France is not like the UK. It will not let itself be beaten by the speculators," argues Mr Bernard Godement, senior French economist at Nomura Research Institute.

On budgetary policy, the outlook is less clear. Here, France is still a good pupil, but the record has slipped fractionally. The government has pledged to keep the budget deficit this year well below the 3 per cent of gross domestic product ceiling set out as a criterion for monetary union in the treaty. The OECD believes the deficit will come out at around 2.3 per cent of GDP this year. But it is on a rising trend, due mainly to the fall in tax revenues caused by the economic slowdown, but also to the government's need to spend on pressing social problems, such as job training for the unemployed and farmers' support.

Until two years ago, the Socialist government had trimmed the deficit by FFr10bn or so a year, following the trend of the previous Gaullist administration. Since then, the deficit has crept up again, from 1.4 per cent of GDP in 1990 to 1.9 per cent last year, when it hit FFr131.7bn, well over the government's initial target. It could reach FFr150bn-FFr180bn this year, according to official and market estimates.

The final figure will be known when the government tables its 1993 budget on September 30, a week late because of the turmoil in the currency markets. That could well give the markets the information they need to come to a more stable valuation of the franc.

Norway's EC plans go ahead

By Karen Fossli in Oslo

NORWEGIAN sentiment about Europe is little changed from 20 years ago when it rejected European Community membership – a poll published yesterday showed 50.1 per cent opposed to joining.

Mrs Gro Harlem Brundtland, the prime minister, intends none the less to lodge a fresh membership application before the end of 1992. She expects to be given a mandate to reapply during the Labour Party congress in November.

With support of the main opposition Conservative and Progress Parties, Mrs Brundtland will have the necessary parliamentary backing.

The Financial Times (Europe) Ltd Published by The Financial Times (Europe) GmbH, Frankfurt Branch, Nibelungenplatz 3, 6000 Frankfurt-am-Main 1: Telephone 49 69 156850; Fax 49 69 5964481; Telex 416193. Represented by E. Hugo, Managing Director. Printer: DVM GmbH-Hürriyet International, 6078 Neu-Isenburg 4. Responsible editor: Richard Lambert, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1992.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: J. Rolley, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Richard Lambert. Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Vimmelskaftet 42A, DK-1161 Copenhagen-K, Denmark. Telephone (33) 13 44 41, Fax (33) 935335.

Japan weighs the good and the bad of rising yen

Banks stand to gain, but much else will suffer, writes **Charles Leadbeater**

TRAVEL agents in Tokyo's *Ginza* shopping area were doing a brisk trade yesterday afternoon as Japanese tourists eagerly counted the falling cost of an autumn holiday in the US.

Tourism apart, however, the yen's rapid rise against the US dollar – which fell to a post-war low yesterday of Y120.25 – could cast an additional shadow over a Japanese economy which is flagging under the burden of stagnant consumption, deep cuts in corporate investment, falling profits and a banking system riddled with bad debts.

The yen has risen as investors have retreated from Europe's turbulent currency markets, confused about the prospects for monetary co-ordination and worried about the prospects for growth in Germany. The Japanese are repatriating funds to seek a safe haven.

However, the yen's strength is not simply a side effect of the currency turmoil in Europe and nor is it likely to fade quickly.

The yen has strengthened 10 per cent against the D-Mark since the start of September and by 5 per cent against the US dollar, according to Mr Paul Summerville, senior economist at Jardine Fleming Securities.

The consensus among Tokyo analysts is that the dollar could weaken to Y115 and possibly fall as low as Y105. The outlook for the US economy is still uncertain in the run up to the presidential election in November. However, many industrialists and financiers in Tokyo believe the Japanese economy crossed a watershed with the announcement last month of a Y10,700bn (£52bn) emergency government spending package. At the least, that has given the economy a breathing space which could last a couple of months.

The prospect of a stronger yen will fuel speculation that the Bank of Japan may further cut its official discount rate which was lowered by half a point to 3.25 per cent in July. The Bank has insisted it will only cut rates further if it judges that the domestic economy needs to be stimulated, not as part of a concerted international effort to encourage growth.

The Bank's problem is that the domestic economy will be clouded by a sustained rise in the yen. The authorities will have to weigh the costs and benefits it will bring to different sectors of the economy.

Exporters could be hit severely. Many medium-sized manufacturers claim they need an exchange rate of Y120 to Y125 to break even. Large Japanese manufacturers invested heavily in plants overseas in the late 1980s and so are better placed to deal with a yen appreciation than they were in 1985 when they were much more dependent on exports.

The domestic economy is in such a weak state, however, that exports have been one of the few sources of growth. The authorities will not want it killed off.

> A stagnant domestic economy will be further clouded by a sustained rise in the yen

The case for an interest rate cut to restrain the yen will be strengthened by three other factors. The appreciation amounts to a tightening of monetary policy at a time when money supply growth is minimal. A strong yen will create more downward pressure on inflation, thereby raising real interest rates and hindering the banks efforts to deal with their bad debts. The government will soon have to decide how to finance its rising spending; if it borrows heavily interest rates could be pushed up.

However, the authorities may not want to take too much of the steam out of the yen.

A resurgent yen would help to curb Japan's politically sensitive ballooning current account surplus which grew by 94 per cent to $56.2bn in the first six months of the year as import demand fell away and manufacturers turned to exports.

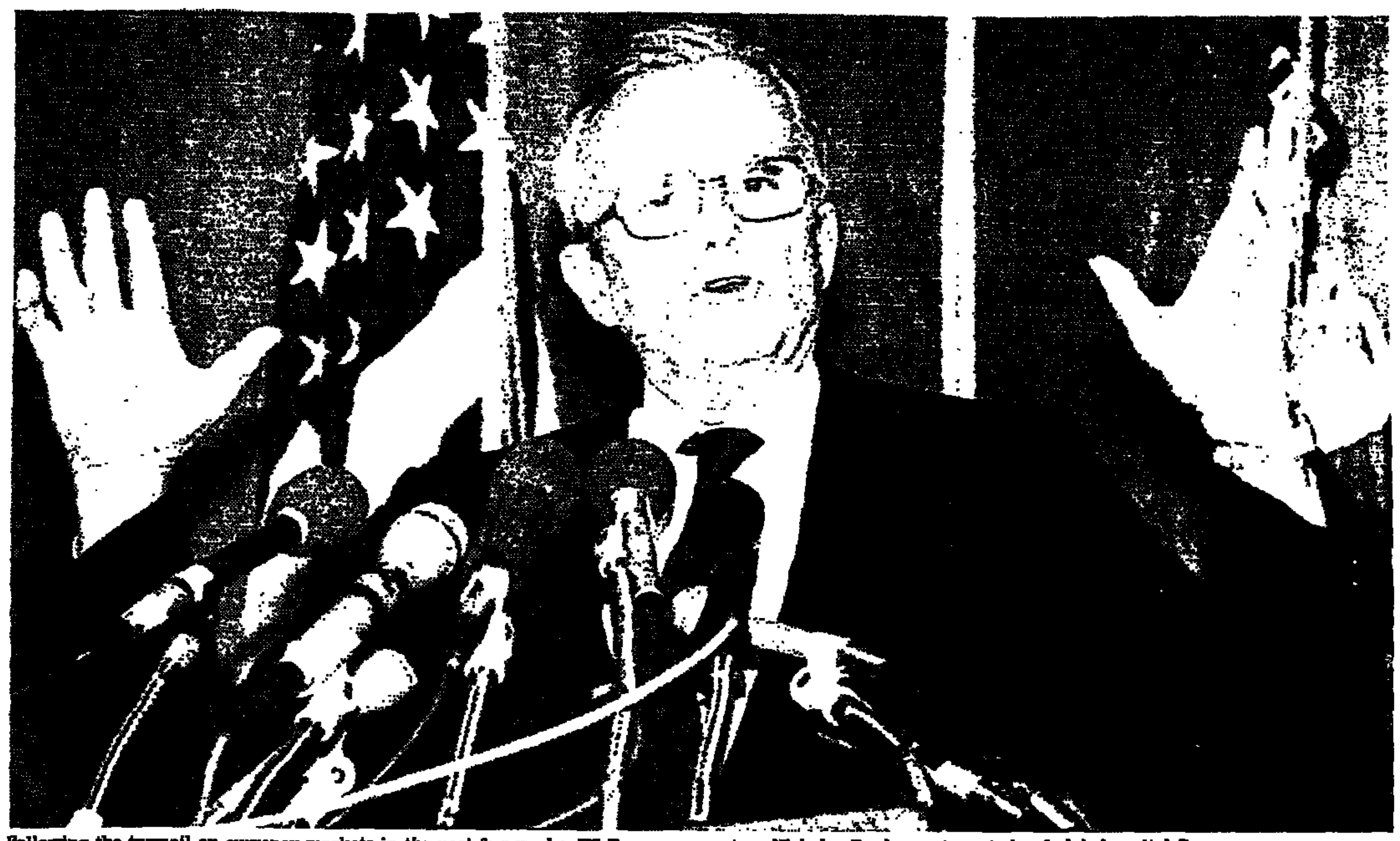
The biggest beneficiaries from the yen's appreciation could be the banks, which are at the heart of the economy's weakness. The fall in stock and property prices has eroded the equity base, as they have been hit by a rising tide of bad debts on loans made to customers who got caught by the puncturing of the speculative bubble economy of the late 1980s. Investment, especially by small and medium-sized companies, and consumer spending is unlikely to revive until banks are in better shape to lend, pumping more liquidity into the economy.

Indeed, Japanese financial institutions may have brought funds home as a precaution while they assess their bad debts in preparation to disclose a revised figure next month.

The yen's strength could help the banks in two ways. First, the prospect of cuts in interest rates could underpin the recent stock market rally which yesterday took the Nikkei average up 327.23 to 18,609.95. With the Nikkei above 18,000, banks should have enough capital to meet their Bank for International Settlements requirements for capital adequacy ratios and so could contemplate renewed lending.

Second, a large portion of Japanese banks lending is in the US, denominated in dollars. A rise in the yen against the dollar is an automatic strengthening of bank balance sheets for the purposes of their US operations. That means they will be under less pressure to raise new equity as the base for their Japanese operations.

According to Mr Summerville: "With the Nikkei at 18,000 and the dollar at Y120, all but one of the banks should be home."



Following the turmoil on currency markets in the past few weeks, US Treasury secretary Nicholas Brady wants a study of global capital flows

US call takes Europe by surprise

By Peter Norman, Economics Correspondent

THE US call for a study of global capital flows and their impact on the world monetary system caught European policy makers by surprise yesterday, although it is likely to be taken up in the months ahead.

It emerged yesterday that the proposal, made in a speech on Wednesday to the annual meeting of the International Monetary Fund by Mr Nicholas Brady, the US treasury secretary, had not been discussed with European finance ministers during the past weekend's monetary meetings in Washington.

It is understood that Mr Lamberto Dini, the chairman of the Group of 10 deputies which Mr Brady has asked to carry out the study, only learned about the US plan after returning to Italy from Washington yesterday.

However, European nations are certain to examine the idea of the study, which Mr Brady has sought in his present capacity as chairman of the G10. That does not mean that it will be easy to come to joint conclusions. It is also uncertain whether it could be completed in less than a year.

The events of the past two weeks in which short term capital movements have challenged the parity of the French franc and overwhelmed central bank defences in Italy, the UK and Spain have prompted some European policy makers to consider ways of somehow regulating the flows on a more permanent basis than the temporary reimposition of capital exchange controls as in Spain on Wednesday and Ireland and Portugal yesterday.

"There has to be a rethinking," said one senior European monetary official. "These flows cannot be allowed to undermine our economies."

Mr Brady's proposal is an about-turn by the US which about six months ago opposed any move that might impinge on capital movements.

Falling profits put pressure on institutions

US and Japan shy from investing in UK

By Our Foreign Staff

INSTITUTIONAL investors in Japan and the US have been expressing caution about UK investments amid the currency turmoil.

Although some in the US see advantages from the floating of sterling, Japanese fund managers in particular said they had become more wary of investment in UK financial markets.

Mr Eiji Arima, manager of foreign exchange at Nippon Life Insurance, said the company is "negative about investment in the UK" until it returns to the European exchange rate mechanism.

"We think it will take a long time for the UK economy to recover. We will be watching the currency situation closely and hope that it will be settled quickly," he said.

The souring of Japanese investor sentiment comes after a surge of interest in UK securities last year, when net purchases totalled $14.5bn, up from $1.95bn in 1990.

Net purchases of UK securities, mostly bonds, accounted for 19.9 per cent of all Japanese purchases, behind only the US, which accounted for 21.3 per cent.

Mr Arima said sudden currency fluctuations intimidate Japanese institutional investors, some of whom have suffered large currency losses in recent years.

Meanwhile, the slowing of the Japanese economy and sharply falling profits have put extra pressure on institutions to take no risks this year.

Mr Shinpei Kawate, investment strategist at Yasuda Trust and Banking, said investors are interested in longer-term bonds, but there is "a real fear that the monetary order will change dramatically" in coming weeks.

"We have to exercise great discretion in case sterling or the German mark fall suddenly. It's not only the UK, but all of Europe. We are waiting to see how far interest rates can be cut," Mr Kawate said.

"Germany will probably cut rates some time in the near future, and other European countries will follow. We will watch for the timing, as it will make long-term bonds attractive."

Many US fund managers are pessimistic about the impact of ERM withdrawal and lower interest rates on UK prospects. Mr William Holzer, who runs the Scudder Global Fund in New York, has not changed his opinion in light of sterling's withdrawal from the ERM or the cut in interest rates.

> 'Prospects remain bleak because of insufficient reinvestment in the physical UK economy.'

"My view is that the domestic part of the economy, those companies that sell their products within the UK ... their prospects remain bleak over the long term because of insufficient reinvestment in the physical UK economy."

As for the future, "with everything in a state of flux", Mr Holzer remains extremely cautious about investing in the domestic UK economy.

He does not believe the devaluation of sterling will be a great help: "If devaluing was the route to economic prosperity, Brazil would be very successful and Argentina not far behind."

A sharply different view of the UK came from Mr John Hickling, international portfolio manager at Boston-based Fidelity, the largest fund group in the US. He was bearish about the UK until very recently, primarily because he never believed the ERM would work.

"Since early 1990 my opinion has been that it would be extremely difficult to maintain a system with economies at such divergent points in the economic cycle."

Consequently, he was "extremely pessimistic about the UK from an earnings standpoint because of the arbitrary, deflationary system" that was the ERM.

Now that sterling has been taken out of the ERM, however, and UK interest rates lowered, Mr Hickling's opinion on prospects for investing in the UK has changed. He says: "The UK now, fundamentally speaking, has done what needed to be done. Lower interest rates, freedom from the yoke of German monetary policy and a weaker currency are all positive for corporate profits and earnings in the UK."

Since last week Mr Hickling has been considering rearranging his portfolio, moving from the purely defensive positions he has been holding in utility stocks into interest rate sensitive and early cyclical sectors, such as financials (especially insurance companies and brokers), health and household companies and housebuilders.

Sterling's weakness, however, poses a problem for dollar investors like Mr Hickling, but because Fidelity's management policy has always been not to hedge against currency movements, there is nothing he can do about it.

By Robert Thomson in Tokyo and Patrick Harverson, Karen Zagor and Martin Dickson in New York.

Vance and Owen to fly to troublespot

By Frances Williams in Geneva and Judy Dempsey in Belgrade

PEACE mediators Mr Cyrus Vance and Lord Owen today fly to Banja Luka, seat of the self-proclaimed Serbian Republic of Bosnia, to investigate reports of growing tension and intimidation of Moslems and Croats.

The two said they were "deeply concerned" about reports "indicating a build-up of tension, bomb incidents, and intimidation with the potential threat of violence and the development of an ethnic cleansing campaign". They urged both the Bosnian Serbs and the rump Yugoslavia to take immediate steps to reduce tensions in the area.

Mr Fred Eckhard, spokesman for the two mediators, said Mr Radovan Karadzic, the Bosnian Serb leader, had agreed to join Mr Vance and Lord Owen in Banja Luka. Mr Dobrica Cosic, president of the rump Yugoslavia, had pledged his "complete co-operation" with the investigation.

The United Nations High Commission for Refugees and the International Committee of the Red Cross, both of which have staff in Banja Luka, said yesterday that tension in the town had been rising for some weeks.

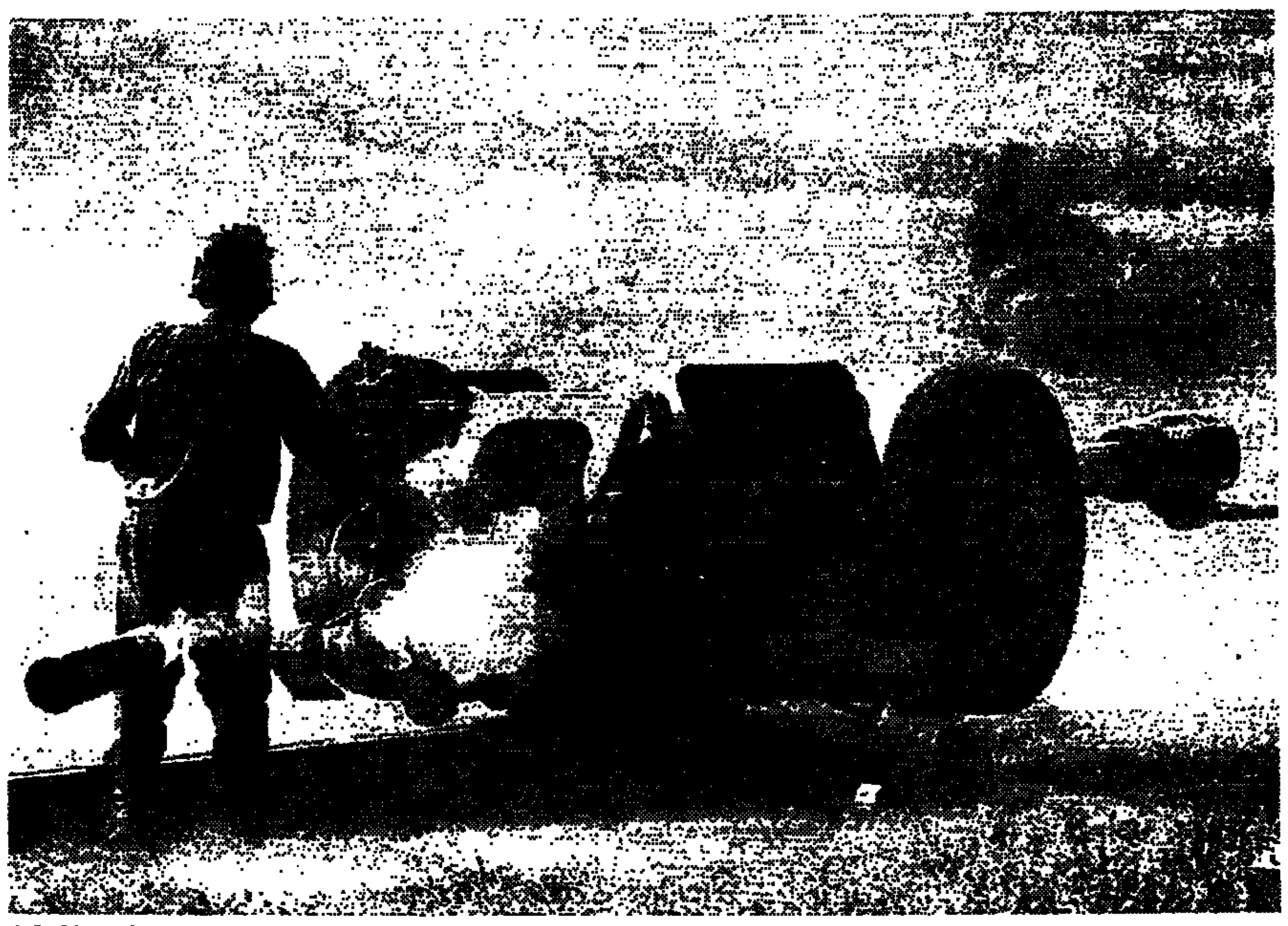
Mr Fernando del Mundo of the UNHCR said a bomb had exploded at the Banja Luka hotel last Monday and there had been another bomb incident on Tuesday. He had no information on casualties. Many non-Serbs had already left Banja Luka for Croatia, often under duress.

Mr Claude Voillat, spokesman for the ICRC, said the town was "very tense". The ICRC has a 10-strong delegation in Banja Luka which is trying to negotiate the evacuation of Serb-run camps in the area, including Manjaca and Trnopolje with about 4,000-5,000 prisoners.

Aircraft flying out of Banja Luka, the main airbase, have recently been used to bomb the eastern city of Visegrad, the northern town of Brcko, on the Croatian border, and the eastern Bosnian town of Tomislavgrad.

When the Yugoslav federal army withdrew from Bosnia in May it left 24 aircraft.

Bosnia's Serbs also have 24 helicopters which are used for re-supplying Serb forces. The helicopters can carry anti-tank missiles.



A Serbian soldier fires a howitzer near Skander Vakuf, Bosnia, yesterday

Croatia tightens grip on south-west Bosnia

By Judy Dempsey

CROATIA yesterday moved to consolidate its grip over south-western Bosnia-Hercegovina by signing a military alliance with the Bosnian government.

The alliance coincides with fresh moves by President Franjo Tudjman to end the United Nations mandate in Croatia so that Croatia can regain control over its territory.

At present UN peace-keeping forces in Croatia are located in three sectors seized by Serb forces last year. The Croatian press has recently stepped up a campaign against the UN, accusing it of consolidating Serb gains in the republic, and preventing Croat refugees from returning to these sectors.

But UN officials said yesterday the ethnic tensions in the sectors prevent the refugees from returning. They added that if the UN forces withdrew, Croatia could be plunged into another war.

Military experts in Belgrade yesterday said Croatia was now heavily armed, despite the UN arms embargo on the former Yugoslavia.

However Mr Goran Hadzic, leader of the militant Serbs in sector east, the UN-protected region in eastern Croatia, yesterday said his forces would never live in an independent Croatia. He also vowed to fight until it was united with Serbia.

The military alliance with Bosnia, drawn up last June by Mr Tudjman, was signed by Bosnian president Alija Izetbegovic in an attempt to defend its territory against Serb forces which have already seized large parts of eastern Bosnia, and have maintained a five-month siege on Sarajevo.

But instead of supporting the Bosnian/Moslem forces, as agreed in June, Croatian units seized parts of western Bosnia and regions around Sarajevo, and even prevented supplies reaching Bosnian troops.

As a result, Bosnian forces are now sandwiched between Serb and Croat army units intent on dividing the republic between Croatia and Serbia.

EC move over attacks on aircraft

By Robert Rice, Legal Correspondent

EUROPEAN justice ministers meeting in London next week are to consider legal action against Yugoslavia over the shooting down in January of an Italian helicopter attached to the EC monitoring force.

The Yugoslav federal air force was blamed for the attack, in which six people were killed.

The proposal, under discussion by ministers at the request of Italy, is for the Community to sue what remains of the Yugoslav state for damages in the International Court of Justice in The Hague.

There is no precedent for legal action by the Community as a whole in this type of case, and ministers have to decide whether the EC has the right to launch legal proceedings in the International Court.

It is thought the Italians may also want to widen the scope of the action to include the shooting down at the beginning of September of an Italian relief flight to Sarajevo, in which four crew were killed.

Ministers also hope to reach agreement on extending the jurisdiction of the European Court of First Instance in Luxembourg.

The CFI, which was set up in 1989 to ease the workload of the mother court, the European Court of Justice, deals only with competition and EC staff cases.

Several member states, including Britain and Germany, want to cut delays in the EC's legal machinery by transferring jurisdiction over anti-dumping, state aid and agricultural quota cases from the ECJ to the CFI.

The move is opposed by Italy, Spain and to a lesser extent by France and Greece, largely, it is believed, because they do not want the handling of anti-dumping cases speeded up.

Challenges to the imposition of dumping duties by the European Commission can take up to two years to be dealt with by the ECJ. This delay offers considerable protection from competitively-priced imports from outside the EC during that time.

The two-day meeting will also discuss an initiative from Britain to set up an independent EC law reform body to undertake the consolidation and clarification of Community legislation, much of which is inaccessible and unnecessarily complex.

The Commission is expected to oppose this initiative because of fears it could threaten its role as EC policy maker.

Russian reforms facing biggest test

By John Lloyd in Moscow

A WORLD Bank report on Russian economic reform, under discussion by the bank's board, stresses the need for tight monetary policy – to which the Russian government has again committed itself.

The report pays tribute to the government's ambitious programme of macro-economic stabilisation, and to the remarkable patience of the population in tolerating the harsh consequences of reform, but says that the commitment to reform will now be severely tested, in that the scope for relatively painless adjustments has been exhausted.

The report notes:

- Inflation for 1992 is expected to be 2,200 per cent.
- Oil production has declined by 1m barrels a day, each day for the past two years, and may fall even more rapidly. Investment of $25bn may be required over the next decade to arrest the decline.
- The government has inherited a vast, loss-making industrial structure.
- The financial structure is wholly inadequate for the tasks of reform, with much lending neither competitive nor market-based.
- The central bank has neither the staff nor the authority to force the [commercial] banks to obey its mandates.
- There are great difficulties in implementing policy, exacerbated by a lack of trust within the civil service between reform-minded officials and those who have seen their power and prestige diminished as a result of the reforms.

The report estimates the government's external financing requirements for 1992 at about $22bn, and says that two-thirds of this must come from export credit agencies and from international financial institutions.

However, it warns that failure to set clear priorities in the allocation of scarce financing may jeopardise the success of the reform programme.

The drop in production – estimated by Mr Yegor Gaidar, the acting prime minister, to have fallen by 27 per cent in the year to last month – has not so far resulted in substantial growth in unemployment, the report says.

"Economic decline has rather been reflected in declining labour productivity rather than growing unemployment;... the next phase of economic reforms... will have to address the problem of labour force restructuring."

British aid linked to debt payment

By David Dodwell, World Trade Editor

BRITAIN will press Russia to begin repaying bad debts to unlock British aid of up to £280m ($478m), when Mr Michael Heseltine, president of the Board of Trade, visits Moscow next week.

"It is a very important part of the confidence-building process to raise the concerns of creditors before we incur new debts," Mr Heseltine said.

Debts to UK exporters are understood to amount to about £100m. Mr Heseltine said he was not expecting immediate repayment in full, but insisted the Russian leadership "must have regard" for this issue.

"A key aim is to encourage Russia to eliminate the various obstacles currently standing in the way of much-needed western private sector trade and investment," he added.

The British minister will be accompanied by executives from leading British exporters to eastern Europe, many of whom are impatient with the government for delaying disbursement of aid funds, and for its refusal to provide export credit insurance for contracts to Russia.

During the visit, Mr Heseltine will co-chair the first session of a new steering committee on Trade and Investment, a "business-oriented body".

He wants Russia to clarify its priorities for use of the £280m export credit, which was announced by Mr John Major, Britain's prime minister, early this year. Resort to the funds has been blocked by delays in Russia agreeing with the IMF a structural adjustment programme, by confusion over Russia's investment priorities, by difficulties in pinpointing a Russian financial guarantor, and by the debts issue.

Ethnicity stalks Romania poll

Virginia Marsh and Anthony Robinson on elections this weekend

PRESIDENTIAL and parliamentary elections in Romania this weekend will decide the fate of domestic reforms and vitally affect prospects for stability throughout the volatile Balkan region.

The prospects do not look good. The latest public opinion poll by Irsop, an independent research company, indicates that the most likely outcome is a parliament where intolerant nationalists will hold the balance between conservative former communists and a shaky coalition of reformist democrats.

No clear winner is expected to emerge from the first round of the presidential elections, where Mr Ion Iliescu, the current president, leads a field of six candidates. (The run-off takes place in two weeks.) His strongest challenger is Mr Emil Constantinescu, the rector of Bucharest University. He represents the "Democratic Convention" (DC), a loose, 18-party coalition of anti-communist reformers.

But the DC, which won power in Bucharest and many other big cities in local elections last February, has fought a lacklustre campaign. It has been unable to attract many rural voters, who make up 47 per cent of the population, or gain sufficient support from industrial workers suffering from rising unemployment, and lower real incomes.

Mr Iliescu, a former high-ranking communist official who mysteriously rose to power after the execution of Nicolae Ceauşescu, the Romanian dictator, and his wife on Christmas Day 1989, is supported by the Democratic National Salvation Front (DNSF). This is the rump party which emerged from a split in the National Salvation Front (NSF), which won Romania's first post-communist elections by a landslide in May 1990.

Demonstrators in central Bucharest yesterday show their support for the reformist Democratic Convention

The NSF, led by Mr Petre Roman, the deposed former prime minister of the first post-Ceauşescu government, is now the standard bearer of International Monetary Fund-supported market reforms. The rump DNSF retained the loyalty of older-generation communists, including leaders of the secret police and intelligence services appointed by Mr Iliescu after the formal dissolution of Ceauşescu's infamous Securitate network. He has also appointed loyal followers to key positions in the judiciary, the state television and the army. He appeals to ordinary workers and peasants traditionally suspicious of Romania's westward-looking intelligentsia.

In recent months however, ultra-nationalist parties have chipped away at Mr Iliescu's electoral base by stirring up deep-rooted xenophobic traditions. Ethnic intolerance is especially strong in Transylvania, ruled by Hungary until 1918 and home to most of Romania's 1.7m ethnic Hungarians. But gypsies and Romania's exiguous Jewish and other minorities have also re-emerged as traditional targets.

The estimated 2m gypsies are in a specially invidious position. Many Romanians blame the gypsies for giving the country a bad name abroad and making it difficult for Romanians to get foreign visas. This intolerance is likely to worsen following Germany's decision to repatriate 43,000 Romanians, of whom 60 per cent are gypsies, only days before the election.

Recent weeks have seen a surge in support for Mr Gheorghe Funar, the rabidly anti-Hungarian mayor of Cluj, the former capital of Hungarian-ruled Transylvania, who has risen to third place in the polls with 14 per cent, against 38 per cent for Mr Iliescu and 31 per cent for Mr Constantinescu.

If the polls are right, Romania's fragile democracy and market reforms could be undermined by an opportunistic alliance between Mr Iliescu's DNSF and Mr Funar's nationalists. This could reinforce a mirror-image rise of nationalist fervour in Hungary, where the government is already under attack for not properly defending the rights of 5m ethnic Hungarians in Croatia, Serbia and soon-to-be-independent Slovakia, as well as Transylvania.

Such an outcome would alienate potential foreign investors and derail the economic reform process just as it is starting to bring results. Under the caretaker government headed by Mr Theodor Stolojan, Romania has set up much of the legal and institutional framework needed for privatisation and a market economy. It has earned praise from the IMF for sticking to tough budgetary and other parameters. A new IMF interim lending arrangement has been agreed, pending finalisation after the elections.

Recent months have seen a sharp growth in exports and a rapid expansion of the private sector. This has not been enough to counteract a 50 per cent drop in industrial production since 1989 or stem a fall in real incomes of more than 20 per cent and rising unemployment, which is uppermost in the minds of many voters as they go to the polls.

NEWS IN BRIEF

EBRD to help with Ukraine's asset sales

THE European Bank for Reconstruction and Development yesterday announced an Ecu2m ($2.7m) programme to help privatisation in Ukraine, writes Sara Webb.

Mr Leonid Kravchuk, the Ukrainian president, wants to privatise almost all state assets.

The EBRD, brought in to advise Kiev on its privatisation programme last December, said it was appointinga team of western consultants.

They include Roland Berger & Partner, the German management consultants; Morgan Grenfell, the London merchant bank owned by Deutsche Bank; and Squire, Sanders & Dempsey, the US law firm. The EC is paying the Ecu2m cost.

The EBRD is keen to encourage foreign investors to buy Ukrainian enterprises and said it would make its own financial commitment in the first pilot privatisations.

Baltic atom waste fears unfounded

Fears of radioactive leaks from nuclear submarines scuttled by the Soviet military appear to be unfounded, writes Bronwen Maddox.

A Norwegian-Russian team has been sampling water between Finland and Russia where it is believed the Soviet navy dumped radioactive parts from up to 12 nuclear submarines and three ice-breakers in the 1960s. Norwegian and Finnish fishermen have feared leaking radioactive waste could contaminate fish.

The European Community yesterday signed a new convention to fight pollution in the Baltic, one of the world's dirtiest seas, with the countries which discharge waste into it.

Germany charges spymaster

Germany yesterday charged communist spymaster Mr Markus Wolf with spying and treason for running at least 12 agents against Bonn during the cold war, Reuter reports.

The prosecutor's office said Mr Wolf, who headed East Germany's spy network from 1953 to 1986, had up to 600 agents in West Germany.

Germany's constitutional court has yet to rule whether Bonn can try East Germans for espionage, since they acted within the laws of a sovereign state and did much the same work as West German spies.

Court pitches Collor's future into Congress

By Christina Lamb in Rio de Janeiro

PRESIDENT Fernando Collor's fight for survival moved into the political arena yesterday, the Brazilian Supreme Court having closed all possibility of delaying the Congressional vote next week on whether he is to face an impeachment process.

His last hope of winning more time to defend himself was dashed on Wednesday night when six of the nine court judges rejected his appeal. The court also ruled that the vote will be secret, a further blow to Mr Collor.

He was described by aides as "shaken". He might be out of office – suspended from duty during the process – as early as next Tuesday.

The president is increasingly isolated and his only remaining chance is to prevent the opposition mustering the two-thirds (336 members) of the House of Representatives needed to initiate an impeachment process. Mr Etewaldo Dias, his spokesman, admitted: "We have lost the legal battle. We now have to win in the political arena."

The Supreme Court ruling was welcomed by the opposition and described by Mr Ibsen Pinheiro, chairman of the House, as "a victory for Brazil's institutions". Large street celebrations were held in several Brazilian cities.

The financial markets reacted positively to the news, which could mean a rapid end to the four-month crisis. The main São Paulo stock exchange index closed 10.7 per cent up yesterday on very heavy trading.

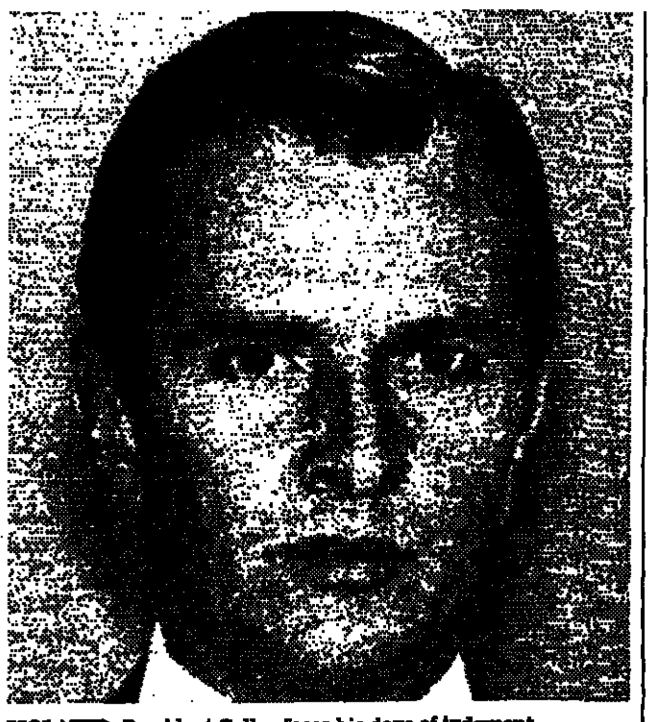
Pro-impeachment demonstrations suggest public opinion is heavily against Mr Collor but he claims to have enough Congressional support to survive. The opposition argues that it has 360 votes – more than enough to win.

Mr Collor's chances have been weakened by the court decision. He has suffered a further blow with the suspension by a federal judge of all spending by the Banco do Brasil Foundation, a state-owned funding agency. This has been one of the president's main sources of funds for securing Congressional support. Over the last two months, the foundation has granted 99 spending requests from politicians.

Legal suits are also in hand to suspend the president of the national savings bank, one of Mr Collor's main political allies, for alleged use of social security money for political ends.

Mr Roberto Jefferson, a key member of Mr Collor's so-called "shock battalion", said the government's strategy would now be obstruction. The pro-Collor forces could move their Congress members out of Brasilia in an attempt to make meetings inquorate.

Mr Jefferson met Mr Collor yesterday to demand a cabinet reshuffle. Accusing Mr Célio Borja, justice minister, and Mr Francisco Gros, central bank governor, of "stabbing Collor in the back", he said, "either we govern with loyal people or we won't win the vote."



ISOLATED: President Collor faces his days of judgment

Industry plea on science

By Nancy Dunne in Washington

THE US should allocate at least \$1bn-\$2bn to help industry adapt for commercial use advances made in the \$22bn federal laboratory system, according to a report by the private sector Council on Competitiveness.

"The superb array of expensive facilities, equipment and instruments" of the government laboratories, as well as their scientists and researchers, could be "intensively utilised by and for the private sector," said Mr Erich Bloch, former director of the National Science Foundation. He presented the report yesterday to the House committee on science, space and technology.

The laboratory system is a microcosm of the broader US competitiveness problem, he said. It is still geared to the Cold War, rather than the current era of intense international economic competition.

"The federal government should launch national technology infra-structural projects that strengthen US industrial competitiveness and foster co-operation among industry, universities and the federal labs," he said.

Senate overrides family bill veto

By Jurek Martin, US Editor, in Washington

THE Democrats in the US Senate, with some Republican help, yesterday overrode President George Bush's veto of the family leave bill, the latest in a growing line of election-year confrontations between the legislature and the executive.

The 68:31 vote, just over the required two-thirds majority, may not be sustained in the House of Representatives, which had passed the bill by 27 votes, less than necessary to negate the veto. During his term, Mr Bush has used the veto 31 times without rebuff.

The bill itself would require companies with more than 50 employees to give up to 12 weeks' leave for home care in the event of childbirth or other family need. Mr Bush, who vetoed the bill late on Tuesday to minimise publicity, has countered with a proposal to give companies tax credits to meet such eventualities.

The Republican emphasis on family values, though less of a feature of the election campaign now, was an open invitation to the Democrats to find an issue which could be turned to electoral advantage. Mr Bush had vetoed an earlier family leave bill in 1990.

Sensing a shift in the prevailing mood, Mr Bush has now been obliged to support the concept of mandated family leave, but has argued that the bill would place unnecessary financial and regulatory burdens on companies.

This is not the only popular issue by which the Democrats are trying to put the president on the defensive in the six weeks before the election. The Senate has already passed, by a margin large enough to override a veto, a bill designed to stop price gouging in the cable television industry. Mr Bush has already indicated he will try to kill it.

Clauses to allow abortions for poor women have also been written by Democrats into at least two other bills, again inviting a veto, as exercised in the past by a president now more than ever intent to shore up his conservative base.

In the defence bill, individual senators and congress members are moving might and main to keep military installations in their districts from the budgetary axe. Mr Bush may attack this as quintessential pork-barrel politics, but has himself engaged in the same by showering federal largesse on the defence industry and farmers.

Sluggish growth in US

By Michael Prowse in Washington

THE US economy grew sluggishly in the second quarter, revised figures from the Commerce Department confirmed yesterday.

Real gross domestic product grew at an annual rate of 1.5 per cent, rather than the 1.4 per cent earlier reported. This was the fifth successive quarter of slow growth, following a contraction of output in the winter of 1990-91.

The sluggish overall growth reflected a slight fall in personal consumption spending and a deterioration in net exports, offset by a higher investment expenditure and a rebuilding of corporate inventories.

The price of gross domestic purchases – a broad measure of inflation – rose at an annual rate of 3.2 per cent compared with 3.1 per cent in the first quarter, confirming that inflationary pressures remain moderate.

Separate figures for state unemployment insurance claims, published yesterday, showed a 15,000 increase to 414,000 in the week to September 12, another sign that labour markets remain weak.

Third world vexed over future of aid

By George Graham in Washington

DEVELOPING countries have come away from the annual meetings in Washington of the International Monetary Fund and the World Bank deeply anxious over their prospects for future aid flows from the richer nations.

Thrust offstage by the currency market turmoil that has dominated the meetings, finance ministers of the developing world have watched in bewilderment and some bitterness as their wealthier colleagues squabbled over who was most to blame for the crisis.

Third world ministers who have painfully dragged their own budgets out of persistent deficit have been particularly galled by the failure of industrial nations to face up to their own budget deficit problems.

Mr Lewis Preston, World Bank president, yesterday echoed the gloom felt by many of the developing countries which are his institution's customers: "They need help. It's important that they not be expected to bear the burden of adjustment in the rich countries as well as in their own."

Sounding despondent and at times angry, he criticised the industrial countries for repeated failure to live up to their promises – on the reduction of protectionism in the Uruguay Round of negotiations on the General Agreement on Tariffs and Trade; on the "Earth increment" in aid promised to the developing world to help in environmental protection; on the next injection of funds into the International Development Association (IDA), the World Bank arm which provides loans at concessional interest rates to the poorest countries.

World Bank officials are now pessimistic about the prospects for the 10th replenishment of IDA funds, which should start to take effect next June. Donor countries have committed themselves to match in real terms the level of IDA 9, which would require 13bn special drawing rights (£10.9bn), the basket of reserve currencies used by the IMF and the World Bank, spread over three years.

But a meeting of high-level officials from IDA donor countries last week failed to agree on the replenishment. World Bank officials say openly that when it comes to specifying each donor's share of the pot, they will back away from their promise.

"Today there is a serious doubt that we can reach the objective of SDR13bn," said Mr Ernest Stern, World Bank joint managing director. "If we do not achieve our objective, it is going to be very painful, with consequences for those on the ground."

Mr Preston said the most worrying aspect for his institution of the currency crisis was its effect on aid flows from industrial countries to the developing world. Once-generous donors such as Sweden, which last week announced a budget retrenchment package in response to fierce market pressure on its currency, have had to cut their aid budgets.

The package is expected to bring a cut of perhaps 10 per cent in Sweden's SKr14bn (£1.47bn) aid budget, and the country has given up, at least for now, its target of increasing aid to 1 per cent of gross domestic product from 0.9 per cent in 1990.

Less generous countries, such as the UK and the US, whose official development assistance amounts to barely 0.25 per cent of their GDP, are expected to cut still further.

NEWS: INTERNATIONAL

S Korea to spend more on economy

By John Burton in Seoul

THE South Korean government yesterday proposed a 26 per cent increase in spending on economic development, which includes support for small and medium businesses.

At the same time, the Bank of Korea predicted that economic growth this year would be the slowest since 1981.

The government's 1993 budget sharply curbs defence spending growth in order to fund expanded infrastructure projects that will relieve the country's congested transportation networks.

The 9.8 per cent rise in defence spending, which accounts for a quarter of the national budget, is the lowest rise since 1985. Defence spending is normally an important component of the South Korean budget because of the military confrontation with North Korea. The 1993 budget is set to increase by 14.6 per cent to Won38,050bn (£28bn).

Significantly higher spending is planned for small and medium-sized businesses, education, science and technology, and infrastructure projects.

Overhang from civil war threatens to spoil Angola's election

Julian Ozanne reports on hopes for a peaceful transition to democracy

ANGOLA'S year-long transition to peace and democracy is being marred in the final days of campaigning before the country's first multi-party elections next Tuesday as underlying violence built up during 16 years of civil war boils over.

Several incidents in the past week have revealed the potential for violence in a transition programme whose remarkable success so far has astounded most observers.

Minutes before President Eduardo dos Santos arrived to campaign in Huambo on Tuesday, government soldiers, egged on by a flag-waving mob, opened fire on two supporters of Unita, the former rebel movement which is challenging the ruling MPLA The incident happened the day after Unita troops had seized 11 anti-riot policemen, burnt three cars and took control of the airport in Cuito after alleging that the MPLA was trying to assassinate Mr Jonas Savimbi, the Unita leader.

At least a dozen people have been killed in other clashes between the two sides in the past seven days across the country.

"It is true that sometimes Unita has over-reacted," Mr Salupeto Pena, a senior Unita official, said yesterday. "But there are many more incidents of successful co-operation between Unita and the MPLA and the process is holding together well despite the tensions."

"Nobody thought we would get this far without major bloodshed," said a western diplomat. "It's an amazing achievement."

The peaceful unfolding of the electoral process has been helped considerably by the belief by each side that they are going to win the elections. Much of the credit for the success of the transition also goes to the United Nations, which is observing the process, and to the MPLA, which has consistently refrained from responding to Unita provocation.

President dos Santos's western-style campaign stresses stability and the goal of unifying Angola's fractured tribal society. A former Marxist who broke with communism in 1990, he has successfully exploited the fears of many Angolans, especially in the towns, that Mr Savimbi is a power-hungry human rights violator and a racist whose victory next week would throw Angola into a period of witch-hunting and instability.

With the help of several million dollars of government funds and a slick Brazilian public relations company, Mr dos Santos has cultivated the image of a soft-spoken, well educated family man gently leading his country to a new but certain future.

In contrast, Mr Savimbi looks aggressive, arrogant and threatening. He has failed to make the leap from authoritarian guerrilla leader to peacetime politician capable of rising to the challenge of national reconciliation. His inflammatory rhetoric and veiled threats against white and mixed race Angolans, "enemies and foreigners" have alienated many educated Angolans.

Mr Savimbi has, however, struck a chord in his attacks on the abysmal record of the corruption-ridden MPLA in the economy, education and health of a country which could be one of Africa's richest.

The real worry is whether the violent tensions, largely contained so far, will explode once the results are announced and one of the parties is defeated.

Japan and Russia move to improve bilateral relations

By Charles Leadbeater in Tokyo

JAPAN and Russia have agreed to take the first steps towards repairing the poor state of their bilateral relations, which were badly damaged by President Boris Yeltsin's abrupt cancellation of his planned visit to Tokyo this month.

Mr Michio Watanabe, the Japanese foreign minister, and Mr Andrei Kozyrev, his Russian counterpart, agreed in New York that their deputies should resume discussions as swiftly as possible over the future of four Russian-held islands off the northern tip of Japan to pave the way for Mr Yeltsin to reschedule the trip.

Mr Alexander Shokhin, Russia's deputy prime minister, said it was possible Mr Yeltsin could visit Tokyo at the end of this year or early next.

The two foreign ministers agreed to sanction the talks over the islands, known in Japan as the northern territories, during discussions at the United Nations. The islands, known in Russia as the Kuriles, were taken by Soviet troops at the end of the second world war.

Japan insists it will not offer Russia bilateral economic aid until the dispute on the sovereignty of the islands is settled.

Russians blamed Japanese intransigence over the islands for Mr Yeltsin's decision to cancel his visit.

Japanese officials argue that this was an excuse to disguise the domestic political pressures which they believe forced him to remain in Moscow.

Mr Watanabe assured Mr Kozyrev that a conference on western aid to Russia, due to be held in Tokyo in late October, would not be jeopardised by the dispute.

Kanemaru saga climax near

THE public tug-of-war between Mr Shin Kanemaru, "kingmaker" of Japanese politics, and prosecutors investigating his receipt of Y500m (£2.36m) from a trucking company linked to organised crime appeared to be nearing its climax yesterday, writes Charles Leadbeater.

Mr Kanemaru's lawyers, who have been negotiating with the Tokyo prosecutor's office in the past few days, are reported to have delivered a written statement in which he admitted receiving the money from Mr Hiroyasu Watanabe, the president of Tokyo Sagawa Kyubin. Mr Kanemaru's lawyers have wanted to avoid him appearing in court to face formal charges that the donations violated political funding laws.

If the prosecutors are satisfied the statement acknowledges his guilt, it is expected Mr Kanemaru will be summarily indicted and fined Y200,000 without having to appear in court.

That will lessen the public humiliation of the case which could yet mark the nadir of his political influence and spark a potentially destabilising power struggle within the ruling Liberal Democratic Party. The case forced Mr Kanemaru's resignation as LDP president on August 27, but he still wields enormous power in the party through his influence at the head of its largest faction.

The prosecutors allege that Mr Kanemaru asked Mr Watanabe to give him the money just before the election of February 1990. It was then distributed among 60 candidates of the LDP's Takeshita faction, according to the prosecutors.

Mr Kanemaru admitted his office received the Y500m but said it was simply "goodwill money" and was not in breach of the Political Funds Control Law, which stipulates that a company can donate no more than Y100m to one party.

Pressure on Mr Kanemaru rose yesterday amid allegations that Mr Watanabe's donations allowed him to influence composition of the Japanese government's cabinet in 1989.

A malnourished Somali child pauses before an abandoned tank in a small town 220 miles west of Mogadishu, the capital, as thunder clouds fill the sky behind him

US leads UN move to seize Iraqi assets

By Michael Littlejohns and Robert Mauthner in New York

THE US led western efforts last night to obtain United Nations Security Council approval for the seizure of about $1bn (£588m) in frozen Iraqi oil assets to finance humanitarian operations and compensate victims of the aggression against Kuwait.

A complex set of proposals has been circulated among council members in a preliminary draft. US officials want an early decision but diplomats said extensive consultations might be necessary before majority support was assured.

Britain is understood to be in general agreement with the proposals, which would exclude Iraqi assets subject to prior claim. France was said still to be considering.

The American move followed the failure of persistent efforts by UN negotiators to complete agreement with Baghdad for the sale under strict UN control of up to $1.6bn worth of Iraqi oil to help meet the world body's heavy expenses under the Gulf ceasefire resolution.

Following a closed-door meeting yesterday the Security Council again decided that Iraq had done nothing to justify lifting or modifying sanctions. The world body reviews the situation every 90 days.

Iraqi assets proposed for seizure, mostly in the US, would pay for food and medicines for needy Kurds and, among other things, compensate foreign workers expelled by Baghdad after sanctions were imposed by the UN.

All of the funds would come from oil sales completed or in progress when sanctions were applied.

Sir David Hannay, the chief UK delegate to the UN, said after the meeting that this was not a case of expropriation. The assets would be restored to Iraq once it complied with the relevant UN resolutions.

The money would be paid into an escrow account entirely under UN control.

S Africa talks terms disputed

THE African National Congress (ANC) and the South African government remained locked in dispute last night over release of political prisoners, an ANC condition which has blocked resumption of talks on a post-apartheid constitution, Patti Waldmeir writes from Johannesburg.

Negotiators have met almost continuously for 10 days in an attempt to meet ANC demands for a summit between Mr Nelson Mandela, the ANC leader, and President F W de Klerk. Last-minute attempts were being made yesterday to permit the summit to be held at the weekend, before Mr Mandela goes abroad for two weeks.

Mideast peace talks to resume next month

ALL PARTIES to the Middle East peace talks agreed yesterday to return for a further month-long round of negotiations in Washington starting on October 21 despite earlier concerns that discussions would have to be adjourned until some time after the US presidential election in November, writes Hugh Carnegy in Washington.

The agreement was seen by all sides as confirmation of their commitment to keep pressing for progress in the talks despite failure to reach any significant breakthrough in the latest round of bilateral negotiations between Israel and, respectively, Syria, Jordan, Lebanon and the Palestinians.

During the latest talks, the first since the election of Mr Yitzhak Rabin's new Israeli government in June, hopes were raised that Israel and Syria were close to reaching an initial agreement on their dispute over the occupied Golan Heights. This evaporated after both sides refused to shift from their essential positions - Syria that it win back the entire Golan and Israel that it win assurances of peace before making territorial concessions.

Israel and the Palestinians agreed to work towards setting up an interim period of Palestinian self-government in the occupied West Bank and Gaza Strip.

See feature

NEWS: WORLD TRADE

Inchcape and Peugeot link to lift Japan sales

By Steven Butler in Tokyo

AUTOMOBILES Peugeot, the French car maker, has joined forces with Inchcape, the British trading company, in an effort to boost car sales in Japan.

The two companies said yesterday they would invest more than Y2bn (£9.8m) in Peugeot Japon, which imports Peugeot cars into Japan. The two will hold equal shares in the company.

Inchcape is the world's largest independent car distributor, although this will be the company's first direct involvement in car importing and distribution in Japan.

The deal follows a plunge in sales of Peugeot cars in Japan. They are expected this year to be under 3,800 units, against a peak of 5,414 in 1990. Unless sales pick up sharply, Peugeot will have difficulty supporting the 180 Peugeot showrooms in the country.

Signs of friction have emerged recently between Peugeot and Suzuki Motors, which sells Peugeot cars in its dealerships. Peugeot and Rover last month ended an agreement under which Rover distributed Peugeot cars through its dealers in Japan.

Peugeot is hoping to capitalise on Inchcape's experience in car distribution, as well as its extensive marketing experience in Japan in other product areas.

The two companies will hold equal shares in Peugeot Japon, but it remained unclear whether stakes in the company would be retained by minority Japanese shareholders, including Suzuki, Seibu Motors and Nissho Iwai. Discussions with the companies are continuing.

Mr Derek Whittaker, Inchcape group motors director, said the aim was to improve performance of the existing network of dealerships, and no expansion was envisaged.

He had begun discussions with Suzuki on how to rationalise the network to increase sales and profitability.

The move to bolster Peugeot sales comes when sales of Volkswagen-Audi cars, which together have 22.5 per cent of the import market, have been severely disrupted.

Yanase Motors, Japan's biggest dealer in imported cars, has decided to stop selling Volkswagen-Audi cars from next year.

Mr Philip Mead, Peugeot Asia Pacific director, said: "We are there to attack the market and take market share from German manufacturers".

Asia-Pacific group embraces the inevitable

Apec's loose form gets a permanence that reflects region's growing integration, writes **Peter Ungphakorn**

THE Asia Pacific Economic Co-operation group is beginning to think big.

Washington sent only a low-powered delegation to the group's fourth annual meeting in Bangkok this month. Although ministers from Apec's 14 other members were not entirely happy, they made sympathetic noises about the Bush administration's electoral pre-occupations; Mr James Baker had left the State Department and was running Mr George Bush's presidential election campaign, while Ms Carla Hills, US trade representative, was said to be tied up with her daughter's wedding.

But the ministers carried on regardless, agreeing on the creation of an Apec secretariat in Singapore with a maximum budget of $2m (£1.2m) in its first year and pressing ahead with exploratory plans for regional trade liberalisation.

A small group is to prepare a blueprint for trade and investment co-operation in the Asia-Pacific region to the year 2000. It will report to Apec ministers at next year's meeting in the US and economic co-operation could eventually spill over into political and security issues.

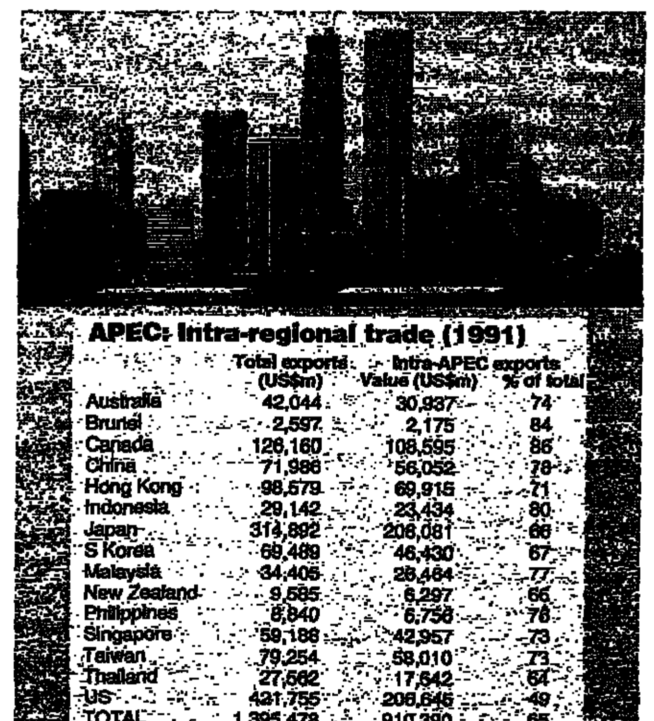
With the decision to site its secretariat in Singapore, the loose gathering that spans the Pacific and includes some of the world's largest and fastest-growing economies is about to become a permanent institution. The choice of Singapore also establishes Apec's heart in the Association of South East Asian Nations (Asean), whose six members (Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand), were at first afraid of being swamped by Apec's large members.

Apec covers the US, Canada, Japan, Korea, the "three Chinas" (China, Hong Kong, Taiwan), the Asean states, Australia and New Zealand. It encompasses two existing free trade agreements (US-Canada and Australia-New Zealand) and two more that have just been agreed (the North American Free Trade Agreement and the Asean Free Trade Area).

Enthusiasm for Apec has waxed and waned. No trade barriers have fallen and no action has been taken on proposals to harmonise standards or exchange university students. The Australian objection to US wheat export subsidies is only the latest area of trade friction.

But a sense of inevitability has started to creep into its proceedings as Apec has passed through successive stages of development and as some of its exploratory projects have begun to take shape.

Although they have strong trade and investment ties with other parts of the world, in particular Europe, an Apec study* completed last month shows that the group's economies are integrating faster than the global trend. Members are able to hold regular consultations on economic and trade issues because they share common concerns - such as a desire to see the multilateral Uruguay Round of the General Agreement on Tariffs and Trade completed rapidly and the Gatt system strengthened.



APEC: Intra-regional trade (1991)

	Total exports (US$m)	Intra-APEC exports Value (US$m)	% of total
Australia	42,044	30,937	74
Brunei	2,597	2,175	84
Canada	126,160	108,595	86
China	71,986	56,052	78
Hong Kong	98,579	69,915	71
Indonesia	29,142	23,434	80
Japan	314,892	206,081	66
S Korea	69,489	46,430	67
Malaysia	34,405	26,464	77
New Zealand	9,585	6,297	66
Philippines	8,840	6,756	76
Singapore	59,186	42,957	73
Taiwan	79,254	58,010	73
Thailand	27,562	17,642	64
US	421,755	206,646	49
TOTAL	1,395,478	910,390	65

Apec has shown no signs of becoming a belligerent trade bloc, partly because the region is no longer so apprehensive about the single market turning the EC into a closed trade bloc.

Rather than envisaging it as a trade bloc, some Apec members are beginning to talk of regional liberalisation as a tool for encouraging a step-by-step further lowering of trade barriers globally, a view that appears to fit Mr Bush's "strategic network".

Reaffirming their commitment to the Gatt system, Apec ministers called for the Uruguay Round to be completed within this year and for the draft agreement compiled by Mr Arthur Dunkel, Gatt director general, to be "the key document" for reaching a conclusion.

Singapore, the site of the secretariat, is now poised to become the nerve centre for computer networks that will offer Apec members easy access to regional trade and investment data. Some are talking about standardising and digitalising customs and other business documents that could be transmitted through these networks, greatly increasing the convenience of trade in the region.

Australia, under whose initiative Apec was created in November 1989, has retained the role of pace-maker. Last week the Australian foreign minister, Mr Gareth Evans, successfully urged Apec ministers to press ahead with the exploration of regional trade liberalisation.

There are, however, still members who would prefer to go slow. Within Asean, Malaysia is now willing to participate fully in Apec, but still prefers its own version of regional co-operation, the East Asia Economic Caucus, that would exclude the North Americans and possibly Australia and New Zealand.

Kuala Lumpur envisages these groups forming "concentric circles", preferably with Asean at the core.

Mrs Rafidah Aziz, Malaysian international trade and industry minister, also questioned last week whether Mr Evans was being realistic in suggesting some kind of common market across an ocean as vast as the Pacific.

With Mexico likely to be the next to join Apec, largely through its membership of Nafta, some South East Asians are concerned that the balance could be tilted to the east Pacific. Mr Ali Alatas, Indonesian foreign minister, made a point of arguing that Papua New Guinea might be a more suitable candidate for Apec membership.

* *Apec Ad Hoc Economic Group Meeting Report: Vision for the Economy of the Asia-Pacific Region in the Year 2000 and Tasks Ahead, compiled by the Japanese Ministry of International Trade and Industry*

Italians in Polish steel venture

By Christopher Bobinski in Warsaw

A $300m (£175.4m) joint venture agreement between Lucchini, the Italian steelmaker, and the Huta Warszawa steel mill is set to go ahead, after an overwhelming vote this week by the plant's employees to approve the scheme.

The deal with Poland's most important quality-steels producer is the first big foreign investment in eastern Europe's steel industry.

The local authority where the mill is located has voted to end its opposition to a land settlement accompanying the venture. This fulfils the last condition Lucchini had set for signing the agreement.

The deal foresees a $200m modernisation plan for the mill, to be followed by a further $100m investment in its rolling mill. The aim is for the plant to produce 800,000 tonnes of quality steels a year.

The vote this week by 99 per cent of the 4,700-strong workforce signified acceptance of a phased wage-rise scheme offered by Lucchini which would almost double the present Zloty 2.2m (£88) average monthly wage by the end of next year.

The International Finance Corporation, the World Bank affiliate which concentrates on private-sector investments, is providing $37.2m in loans and $5m equity in the project.

The European Bank for Reconstruction and Development is providing a further $37.2m loan; another $79.2m is to be provided by SACE, the Italian trade insurance corporation.

● Poland has not supplied any weapons or military spare parts to Russia this year, Mr Jan Straus, the Polish government's top arms-trade official, said yesterday.

The arms sales ban followed Russia's failure to pay for $244m worth of deliveries last year. Poland sold another $140m worth of military equipment to other countries in 1991, Mr Straus said.

Canadians warned on Nafta

By Bernard Simon in Toronto

CANADA may have greater difficulty attracting both foreign and domestic investment following the creation of a North American free trade agreement (Nafta) area, the Conference Board of Canada concluded in a study published yesterday.

The study, based on a survey of 240 companies with operations in Canada, says the 1989 US-Canada free trade pact has already altered the investment relationship between the two countries. Patterns are likely to change further as the recently-concluded North American trade agreement is phased in, the study adds.

Canadian companies are giving a higher priority to business opportunities in the US, while US subsidiaries in Canada are having to fight harder to justify their survival in a more integrated North American market.

"With the increased focus on the US market, a decision by Canadian firms to manufacture in the US and now Mexico is a distinct possibility," the Conference Board, an economic forecasting and lobby group, says.

The board notes that high production costs, which are one of the most commonly-cited drawbacks to doing business in Canada, are likely in future to be as important in domestic companies' investment decisions as they are for foreign investors.

Many of the foreign-owned plants in Canada were set up to cater exclusively for the domestic market at a time when local manufacturers were protected by trade barriers.

But free trade has increasingly led companies to view the US and Canada as a single market.

However, the board says that US subsidiaries in Canada, which make up the bulk of foreign investment, will survive only "by carving out and justifying their existence as an integral component of the company".

Latin American banana nations in plea to Dunkel

By Frances Williams in Geneva

FIVE Latin American banana producers have asked Mr Arthur Dunkel, Gatt director-general, to intervene in their row with the EC over import curbs on bananas from the region.

Colombia, Costa Rica, Guatemala, Nicaragua and Venezuela want the EC to scrap its plan to raise import barriers to "dollar" bananas as part of its single market programme.

They claim the plan would cost them up to $500m (£292m) in export earnings and flout Gatt rules against discrimination between trading partners.

They say it runs counter to proposed farm trade reforms in the Uruguay Round that would scrap all import quotas in favour of tariffs.

The EC proposals, yet to be endorsed by ministers, would replace national curbs with a Community-wide quota on banana imports. Latin American bananas would also face a 20 per cent tariff, with costlier bananas from Lomé Convention members entering duty-free.

The Latin Americans are using a procedure urging the director-general to resolve a poor country's grievance against a rich one. He has two months to try to solve the row.

NEWS: UK

BRITISH CAR INDUSTRY

Rolls-Royce Motor Cars cuts 950 jobs

By Kevin Done, Motor Industry Correspondent

ROLLS-ROYCE Motor Cars, the heavily loss-making luxury car subsidiary of Vickers, the UK engineering group, is cutting another 950 jobs, or nearly a third of the workforce, at its plant at Crewe, Cheshire.

Sales of its Rolls-Royce and Bentley cars have fallen by 65 per cent during the past 18 months under the impact of the "unprecedented length and depth of economic recession" in all its major markets, said the company.

The latest round of redundancies, which should be completed during December, will have reduced Rolls-Royce Motor Cars UK workforce by 57 per cent during the recession to 2,100 from 4,850 at the end of 1990. The company said that compulsory redundancies appeared inevitable.

Sir Colin Chandler, Vickers chief executive, said yesterday that the further job cuts would cost about £12m in exceptional charges during the second half of the year.

Rolls-Royce Motor Cars would make a "substantial trading loss" this year, said Sir Colin. The trading loss in the first half of the year amounted to £10-15m compared with a result just below break-even in the first half of 1991.

In the whole of 1991 it made a trading loss of some £30m as well as suffering exceptional losses of about £32m for the restructuring and last year's job cuts.

The remaining Rolls-Royce Motor Cars workforce worldwide of some 2,400 has been cut from 5,300 18 months ago, said Sir Colin.

The latest job reduction was "required for the future of the business" and was "designed to reduce operating costs during a time of continuing uncertainty and difficult trading in all major markets."

Sir Colin claimed that the break-even level of the beleaguered Rolls-Royce and Bentley car business will have been halved to about 1,400 cars a year by the end of the year from 2,800 in 1990.

The company's market in Japan in particular has collapsed this year with registrations in the first eight months at 163 totalling only 37 per cent of the 441 achieved in the corresponding period last year.

Sir Colin said that Vickers had made "intensive efforts" to find "a strategic partnership" for the Rolls-Royce Motor Cars operations, but it had failed to make any deal most importantly because of the "continuing uncertainty" of the business.

He said that Vickers had reached "a fair bit of depth" in negotiations with "one or two partners" – the most serious discussions have been with BMW, the German executive and luxury car maker – but there had never been "a concrete figure offered" by BMW.

He said that would-be partners were also facing problems in their own luxury car businesses. "It is the wrong time to be trying to negotiate a partnership."

Sir Colin expected further negotiations in the future, however. "It has not gone away. When markets come back, I am sure that negotiations will resume."

He said that Rolls-Royce Motor Cars would be unable to press ahead with the development of a new model generation in the present business climate.

He said it would seek to "evolve" its present cars and try to sell profitably from the new break-even level for the next two to three years.

Ford plans 1,500 job losses at leading UK factories

FORD, the leading UK vehicle maker, yesterday announced plans to cut up to 1,500 jobs at its biggest UK factories in the face of falling sales caused by the recession.

The country's main car company also offered unions the chance of reducing compulsory redundancies by a six-month deferrment of this year's 5% pay award, due in November.

Company chairman Ian McAllister said the planned cutbacks of 1,350 jobs by end of year in Dagenham, Essex, and Halewood, Merseyside, were a "painful but inevitable" consequence of the difficult trading conditions.

Ford said a further 137 jobs would go at Dagenham, in the east London, and Bridgend, in the English south west, in associated moves, bringing total job losses to 1,487.

Union leaders said later the number of job losses would total 2,179, and chief negotiator Jack Adams, of the Transport and General Workers Union, said the figure was a "disgrace".

Union negotiators will also be urging Ford car workers not to accept the pay freeze.

Jimmy Airlie, chief Ford negotiator of the Amalgamated Engineering and Electrical Union, said: "We are against any wages standstill. Whatever the problems of British manufacturing, it is not high wages."

Mr McAllister said Ford was currently manned to meet peak market conditions and had maintained employment levels through short-time working with 100% lay-off pay.

He said: "This is proving to be a severe financial burden which cannot be sustained, especially with no indication of near-term improvement."

Ford said it had maintained its investment in Britain at a high level despite the recession, with £2.4 billion being spent on new and improved manufacturing facilities and £1 billion on research and development over the past five years.

Honda to expand at Swindon

By John Griffiths

HONDA is preparing to recruit the next 600 workers needed to reach initial 50,000-a-year output of the new car it is about to start building in its £370m plant at Swindon, Wiltshire, in the English south-west.

The Japanese car maker, which already employs 900 on the 360-acre site, yesterday released the first official pictures of the car, which will use the Accord name Honda uses throughout the world for its upper-medium saloon range.

Honda wants to complete recruitment of the 600 before the middle of next year, Mr Shojiro Miyake, managing director of Honda of the UK Manufacturing (HUM), said yesterday.

This would allow sufficient training for Honda to reach its single-shift target of 50,000 cars within 18 months of the start of production.

The Swindon plant is scheduled to be employing 2,000 by 1995, when it is scheduled to to be building 100,000 cars a year on two shifts.

Mr Miyake said yesterday that the Accord will be launched first in Continental Europe, making its debut at the Berlin motor show on October 9.

Inspectors report into Blue Arrow criticises chairman

By Jimmy Burns and Vanessa Houlder

THE Department of Trade and Industry yesterday announced that it has applied to have Mr Tony Berry, the former chairman of the Blue Arrow employment services group, disqualified as a company director.

Inspectors appointed to investigate Mr Berry's stewardship of Blue Arrow concluded that his conduct was "clearly not acceptable". Their report, submitted to the DTI in June last year and published yesterday, said that he failed in his fiduciary duty to Blue Arrow and paid insufficient regard to his obligations as a director.

The investigation was launched three years ago into a property transaction undertaken by Blue Arrow which became the largest employment services agency in the world when it took over Manpower of the US in 1987.

Mr Berry yesterday rejected the conclusions of the DTI report and pledged, if given the opportunity, to clear his name "for ever" in the courts.

Mr Berry said the report, particularly the criticisms that on a number of occasions he "deliberately misled" the board of Blue Arrow, was unsupported by evidence.

He said: "I find the whole thing quite extraordinary. There is no finding of fraud, improper action, or financial gain so why should I have a motive for misleading the board...I reject their findings...They are going to have a hell of a job to make this stick."

Mr Berry claimed the DTI had been forced to make a scapegoat of him under pressure of "innuendos leaked to the press" and " people thinking there must be some great scandal".

He said that if there were errors in the way he had conducted his affairs, they were "small in the context of a whole massive organisation".

The inspectors' report exonerated Blue Arrow's non-executive directors, including Lord Tebbit, the former cabinet minister. "He at all times acted both responsibly and honourably," it said.

The report also found that the controversial property deal, which concerned a company headed by Mr Peter de Savary, was "a genuine commercial transaction" offered in good faith to Blue Arrow.

Britain in brief

EC summit to be held in Birmingham

BIRMINGHAM is expecting an influx of about 3,000 visitors when EC leaders meet there on October 16.

The summit, to discuss the future of the Maastricht treaty in the wake of the French referendum and the withdrawal of sterling from the exchange rate mechanism, will take place at the city's International Convention Centre.

Mr John Major's choice of the midlands city – Britain's second biggest – gives EC leaders an opportunity to see how they have been spending their money.

About £40m from the EC regional fund went towards the construction costs of the centre, which opened last year.

The leaders will probably stay at the adjoining Hyatt Regency hotel, which has bullet proof windows, another venture which has received public funds. They will be able to reach the convention centre along an enclosed walkway, thus simplifying security arrangements.

Chemical blast affects firemen

Firemen suffering from "glowing fingertips" after tackling a fatal explosion at a chemical plant were today being treated in an isolation ward.

Nineteen men were in a satisfactory condition in four different hospitals following the blast, which killed two workers and injured 15 others at Castleford, West Yorkshire, on Monday.

Ten firemen and one ambulanceman were being kept in a specially-created isolation ward as doctors consulted a top skin expert.

A spokesman said: "We are unsure at this stage what is causing their symptoms so we have created a ward where they are not with other patients as a precaution."

The other nine firefighters were being detained in non-isolation wards following the explosion at the Hickson and Welch plant.

Accounts rules criticised

The new cash flow accounting standard needs urgent reform if it is not to lose credibility, according to a critical analysis of British company accounts and the work of the Accounting Standards Board.

Use of the first financial reporting standard is already generating widespread inconsistencies which will cause the standard to lose credibility without urgent reform, it concludes.

The standard became mandatory for year-ends after March 23.

The findings are contained in the third edition of UK GAAP – or generally accepted accounting practice – which examines the state of financial reporting in British companies each year.

Public sector pays more

Public sector pay has outstripped settlements in the private sector for the first time since 1986, according to the government's New Earnings Survey 1992.

The survey showed that average gross weekly earnings of all full-time employees were £305 in April 1992.

Earnings in the previous 12 months increased more for women than for men and more for non-manual than for manual workers.

However, the survey showed that public sector employees have not been as badly affected by the recession as their private sector counterparts.

Earnings in the public sector averaged £307.80 compared with £303.30 in the private sector, or increases of 8.8 per cent or 6.3 per cent respectively on the previous April.

NEWS: UK

HOUSE OF COMMONS DEBATE

Labour leader's debut wins party acclaim

By Ivor Owen, Parliamentary Correspondent

IN A penetrating attack on the policy failures which had resulted in the forced devaluation of sterling, Mr John Smith, the opposition Labour party leader, warned that Britain faced relegation to the second division of the European Community.

In his parliamentary debut as leader of the opposition – which won enthusiastic acclaim from his party – he branded Mr John Major as the "devalued prime minister of a devalued government".

Mr Smith was equally scathing about the credibility of Mr Norman Lamont, the chancellor, in the wake of the minister's earlier repeated assurances that there was no question of devaluation

The Labour leader recalled that in addition to ruling out any change in the parity of sterling, Mr Lamont had also mocked every possible alternative to Britain's continued membership of the exchange rate mechanism of the European Monetary System.

"After this performance who can ever believe him in anything he subsequently says?" Mr Smith challenged.

Mr Smith swept aside protestations from Mr Major that he had failed to appreciate the force of the speculative pressures which triggered devaluation. He said: "In the course of a few weeks, the one policy with which Mr Major was uniquely, personally associated, the contribution to policies of which he appears to have been most proud, has been blown apart.

"With it has gone forever any claim by the prime minister or the party he leads to economic competence."

Mr Smith declared: "We have a government whose economic policy is in tatters, whose credibility is blown, whose incompetence has been exposed."

The Tories had been in power for the longest continuous period in post-war Britain and must accept they were the architects of "our present dismal situation," he said.

The Labour leader likened the prime minister's explanation to that of the seaman in charge of the bridge who complained "along came a wave and overturned the vessel".

Mr Smith maintained that instead of "walking blindly on" when the strength of the speculative pressures first became apparent, the government should have used Britain's presidency of the European Community to secure a general realignment of the currencies in the ERM.

Maastricht treaty pledge from Major

MR JOHN MAJOR yesterday launched an unapologetic defence of the government's decision to abandon the European exchange rate mechanism, insisting before a rowdy Commons chamber: "There was no choice," writes Ivo Dawnay

His frequently interrupted speech, targeted as much at his own backbench Euro-sceptics as at the Labour opposition, warned that there was no possibility of a return of the pound to the system "in the near future" or into an unreformed ERM.

But, in a passage that was not well received by Tory opponents of the Maastricht treaty, Mr Major also insisted he would press on with ratification of the accord once Denmark had said how it would proceed to a second referendum.

FIGHTING PERFORMANCE: The prime minister pictured at the despatch box in the House of Commons yesterday

Heritage minister resigns after drift in MP support

By Ralph Atkins

MR DAVID Mellor resigned as national heritage secretary last night after accepting finally that a summer-long onslaught by tabloid newspapers and – more recently – from Conservative MPs made it impossible to remain in his job.

Mr John Major accepted Mr Mellor's decision as executive officers of the Conservative backbench 1922 Committee met to consider demanding Mr Mellor's resignation because of the damage he was causing the government.

The announcement came less than 24 hours after Mr Mellor launched a last-ditch attempt to salvage his career in a series of interviews in which he protested that he had been caught in "a trial of strength between the tabloids and the Prime Minister".

But Mr Mellor had said that he would go if remaining in the government would embarrass colleagues. As MPs returned to Westminster for the emergency debate on the economy it was clear that his support on Tory backbenches was disappearing, with the 1922 executive preparing to act as official executioners.

Mr Major, who invested much political capital in remaining loyal to Mr Mellor during the summer, accepted the resignation with "deep regret". But it appears he made little attempt to dissuade Mr Mellor.

A successor is expected to be announced shortly. Speculation last night centred on Mr Stephen Dorrell, financial secretary to the Treasury, Mr Tristan Garel-Jones, foreign office minister, or Baroness Blatch, education minister.

Mr Mellor telephoned Downing Street before 9am yesterday, saying he was minded to resign.

On allegations that he had acted improperly in accepting a paid holiday in 1990 from Mrs Mona Bauwens, daughter of a prominent Palestine Liberation Organisation member, Mr Mellor wrote that he was glad the prime minister had "been able to make clear that . . . I have acted within the guidance on the conduct of ministers".

He also thanked Mr Major for deciding that his "folly" becoming embroiled in revelations of an affair in July, "did not warrant my leaving the government".

His resignation brought regret from prominent members of the arts world.

"It is a thousand pities that his tenure as secretary of state for a brand new department, which was so full of promise, has been cut short in such tragic circumstances," said Lord Palumbo, the chairman of the Arts Council.

The note on ERM that could strike discord

Subtle shifts in economic policy may signal a cabinet split, reports **Philip Stephens**

ON Monday evening civil servants inserted an identical note into each of the bulky red boxes that ministers take home at night to keep up with the flood of paperwork generated by the Whitehall bureaucracy. The heading on the briefing note was straightforward enough – ERM: new line to take.

It was not remarkable that the Treasury was keen to ensure in such sensitive times that cabinet ministers spoke with one voice about sterling's ignominious departure from the European exchange rate mechanism. But the seemingly innocuous prepared responses to questions ministers might face concealed a significant shift in policy.

Between the lines, the note confirmed that Mr Norman Lamont, the chancellor of the exchequer, had unilaterally changed the emergency policy the cabinet had agreed four days earlier in the immediate aftermath of the ERM debacle.

The tone reflected a substantial hardening in the Treasury's conditions for the pound's eventual re-entry into the ERM; and a softening in the priority that would be given to the defeat, as opposed to the control, of inflation.

Those changes foreshadowed the cut of 1 percentage point in interest rates announced the next morning. They explain why the common front established by the cabinet threatens to disintegrate into another full-scale battle over Europe.

Colleagues say Mr Lamont has departed significantly from the spirit if not the letter of the carefully worded deal struck at the end of last Thursday's cabinet meeting. His about-turn is the more remarkable because he was most prominent in framing the statement, issued after that meeting, which reaffirmed government resolve in the fight against inflation and said the pound would be put back into the ERM "as soon as conditions allow".

It followed a long debate in which Mr Michael Howard, environment secretary, put the case for semi-permanent suspension. Mr Kenneth Clarke, home secretary, argued forcefully for quick re-entry.

There was a general discussion of the need for the turmoil on the markets to subside and for some structural reform of the ERM. But by the end, a clear majority agreed that sterling's departure should be strictly temporary and the government's commitment to Europe undiminished.

The only real backing for Mr Howard came from Mr Peter Lilley, social security secretary and, to a lesser extent, from Mr Michael Portillo, chief secretary to the Treasury. Mr Douglas Hurd, foreign secretary, and Mr Michael Heseltine, trade and industry secretary, lined up with Mr Clarke.

Mr Lamont was the most forceful in demanding that the "as-soon-as" phrase be released publicly to underpin confidence in the markets. He repeatedly emphasised the need not to let up in the fight against inflation.

The timescale was not defined. But pro-Europeans ministers such left Downing Street content that the phrase meant weeks or at most two or three months. Everyone agreed that they should not reveal the content of the debate but, as one put it: "We were sure that Norman [Lamont] was on our [the pro-ERM] side."

Mr Heseltine and Mr Clarke have stuck to the cabinet line, modifying it only to accommodate Mr John Major's decision that the workings of the ERM should be central to the agenda of the emergency summit of EC leaders next month.

But Mr Lamont has rejoiced in his new-found freedom, lengthening the list of conditions for re-entry to the ERM and quickly cutting interest rates in spite of a 10 per cent devaluation of the pound.

He has reminded colleagues that he has always been on the Euro-sceptic wing of the party.

His anti-inflation rhetoric has been subtly modified to put the aim of economic growth alongside that of low, rather than zero, inflation. Other ministers are beginning to suspect that the chancellor may now want to stay outside the ERM indefinitely. They are determined to fight that policy.

Mr Major has so far stayed neutral. A Euro-sceptic edge has crept into his rhetoric and he sanctioned the reduction in interest rates – but he has consulted closely with Mr Clarke and Mr Heseltine.

He may be playing a tactical game – aiming to win back the "soft" Tory Euro-sceptics by securing an end to recession before rebuilding his economic and European policies. Pro-European ministers are giving him the benefit of the doubt.

The same cannot be said of Mr Lamont. Some colleagues believe that the chancellor has decided to buttress his own position by emerging as the most prominent spokesman in the government for the Tory Euro-sceptic wing.

When the chancellor joined his colleagues for yesterday's cabinet meeting he would have been able to point to the intense strains on the ERM this week as justification for his caution on re-entry. But if he confirmed the suspicion that he intends to embark on an economic policy that detaches Britain from the European mainstream he will be setting the stage for a bitter cabinet struggle.

THE PROPERTY MARKET

Double whammy for Hatfield

Vanessa Houlder reports on a town feeling the full force of recession

BAe's announcement this week that it is to close its historic plant at Hatfield in south-east England with the loss of some 2,300 jobs is the second recession-induced blow to have hit the town within the past fortnight.

The Hatfield Galleria, which went into receivership with debts of £175m, is the other casualty and it could hardly be more conspicuous: some 40m motorists a year drive past the hangar-like steel and glass structure that straddles the A1 dual carriageway.

From the day it opened in September last year, the centre has drawn attention to itself with fanfares of marketing hyperbole. "An opulent, relaxed, spacious and dazzling shopping centre modelled on the most prestigious malls in the US," it boasted.

There are no shortage of factors that finally forced the centre's downfall. The overriding problems, according to Mr Scott Barnes of Grant Thornton, the receiver, were two-fold: cost overruns and the harsh economic climate which cut rental income; this latter factor was particularly severe since rents were linked to turnover.

Equally, the collapse of the project can be blamed on fundamental flaws in its conception and its controversial planning history.

The story of the Galleria began in the early-1980s when the local Welwyn Hatfield Council agreed in principle to build a shopping centre on land on top of the tunnel over the new A1 dual carriageway at Hatfield.

The council tried to allay the fears of local developers and retailers by emphasising that the new centre would be a "speciality leisure centre", which would be obliged to exclude fashion, convenience, food and variety shops.

Critics argued that such a scheme would not be viable. "We felt the scheme would never work," said Mr Roger Carey, development director of Slough Estates, which built a rival shopping centre in nearby Welwyn Garden City.

But the Hatfield scheme was given planning consent in 1986 by Mr Kenneth Baker, then secretary of state for the environment, who overruled the decision of a public inquiry. By then, retail fashions had changed and the developers decided to upgrade the centre from a "covered street" to a shopping mall.

At the same time, the developers concluded that the centre needed more flexibility in its choice of tenants. After some behind-the-scene dealings by the council – later described by a High Court judge as an "abuse of power" – restrictions on the choice of tenants was relaxed. Slough Estates is set to sue the council for damages on the grounds that it would not have gone ahead with its project in Welwyn had it known that the Galleria would ultimately seek similar retailers to its own project.

Hatfield Galleria: the "fun shopping centre" has finally closed its doors after debts of some £175m

It is unclear whether the catchment area can support a 'theme' centre

But even if the Galleria took business away from neighbouring town centres it was not a success in its own right. Property consultants attribute the Galleria's problems to the lack of an "anchor" tenant and its relatively small size, which limited its appeal to shoppers outside its vicinity.

The Galleria tried to make a virtue out of its lack of well-known high street names and its emphasis on boutiques, restaurants, cinema and a health club.

This concept of "fun shopping" lost its appeal in the depths of recession. In any case, it is still unclear whether the Galleria's catchment area is affluent enough to support such a "theme" centre.

The Carroll Foundation, a private diversified industrial group which developed the Galleria and is considering a rescue, rejects this criticism. It points out that when the centre opened 85 per cent of its 380,000 square feet was let. Furthermore, some shops and restaurants report brisk trade.

Instead, Carroll attributes the Galleria's financial problems to "a combination of a £60m cost overrun in the initial £90m construction budget, an 18-month delay in the original 21-month building timetable and the failure to complete the complex to its original specifications."

Carroll has issued writs totalling more than £50m against several parties, including Aukett Group, the architect. Aukett says that teething problems are only to be expected for a development of this size. "We will defend ourselves vigorously," says Mr Gerry Deighton, Aukett's chairman. "We are not aware we have done anything other than we should have."

Whatever the reasons for the cost overuns, the centre's finances have become unsustainable. Its debts cannot be serviced by its income. A year ago, the developers predicted income of about £10m for 1992.

But the receiver is upbeat about the project's prospects once it is able to support a smaller debt burden. "The Galleria now faces a rosier and more secure future," Grant Thornton said last week, announcing the receivership. Even last week, its comments seemed optimistic. The announcement of more than 2,000 jobs losses at BAe's Hatfield plant will put that optimism to the test.

A dismal August

In August, commercial property posted its worst performance so far this year, according to the Investment Property Databank, an independent research group, writes Vanessa Houlder.

Total returns slipped back to -0.2 per cent, the lowest single monthly return in 1992. A 0.05 percentage point rise in equivalent yield caused capital values to fall by a full percentage point, the single largest fall this year.

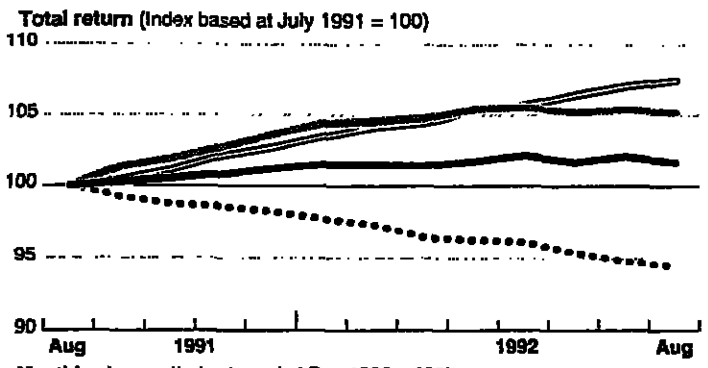
August's poor results have dragged down the year-on-year results, with the total return for the year to August falling back to 1.8 per cent. Rental values continue to fall, dropping by half a percentage point to -7.5 per cent for the year ending August.

The gap between retail and industrial returns continues to widen, as yields in the industrial sector were driven upwards. The average equivalent yield was pushed to its highest level yet at 11.2 per cent.

Retails were the only sector to show a positive return, with a total return of 0.1 per cent. Office property was the worst hit sector. Rental and capital values fell by about 1.5 percentage points and total returns fell almost half a point below July's return at -0.8 per cent. The industrial sector has shown signs of volatility, with a total return in August of -0.2 per cent.

IPD monthly index

Total return (Index based at July 1991 = 100)



Monthly change (Index based at Dec 1986 = 100)

	Aug 1992	Jul 1992	Change
IPD	167.45	167.86	0.18
Retail	155.79	155.61	0.80
Office	158.33	159.55	–0.62
Industrial	232.91	233.29	–0.27

IBM keeps open mind

International Business Machines, acknowledging that some of its big customers are "downsizing" from mainframe computers to open systems networks, is to make its mainframe-class transaction processing software available for use on high-performance IBM computer workstations.

The announcement marks a significant shift for the world's largest mainframe computer maker and reflects the new level of freedom that has been accorded to IBM business units to compete among themselves to provide customers with the best possible computing solutions.

Transaction processing involves the use of computer systems to collect, process and update quickly and accurately online information such as customer purchase records or bank account statements.

This area is traditionally the stronghold of IBM mainframe computers.

However, many IBM mainframe users are now looking to add open systems computing networks, including Unix systems, as a cost-effective alternative to expanding mainframe systems, IBM acknowledged.

Previously, according to competitors, IBM has only reluctantly offered its computer workstations to commercial customers, instead proposing mainframe or minicomputer-based systems for "mission critical" business applications.

With computer workstations, originally aimed at scientific and technical applications, now being used increasingly by commercial customers such as airlines, banks and insurance companies, IBM has shifted its stance.

"IBM intends to be a leader in the fast-growing open systems transaction processing market," said Bill Filip, IBM vice president and president of the advanced workstations division, announcing two additions to the IBM RS/6000 line of workstation that offer performance improvement of more than 20 per cent.

Louise Kehoe

Andrew Baxter explains how Finland's rock bashers are sharpening up their skills

Hammer and icicle

Hard rock is a favourite subject among the employees of Scandinavia's construction and mining equipment companies, but they are unlikely to be discussing the latest heavy-metal band to hit the nightspots of the Nordic region.

For Europe's most northerly engineering companies hard rock is the ground under their feet. Producing equipment to drill, hammer or crush it is a challenge which, once overcome, can provide a passport to success in world markets.

Nowhere is that more important than in Finland, where the frozen terrain has bred a number of equipment producers which have benefited in export markets from the expertise necessary for their equipment to survive the battering it takes at home.

For Finnish companies such as Rammer, which makes hydraulic hammers, Lokomo, which produces crushing equipment, and the rock-drill and underground loader producer Tamrock, exporting is now more important than ever.

The local market – down by 70 per cent or more over the past two years, depending on the sector – makes the UK equipment sector look like a beacon of prosperity. But even in good times Finland has been too small a market to support engineering companies' product development spending, and forced companies to look overseas.

Not everywhere outside Scandinavia has such hard rock, however, and the Finnish suppliers have had to spend heavily to manufacture a range of products suitable for all environments or to convince prospective purchasers of new uses for their hard rock equipment.

The Finnish engineering sector has been through considerable upheaval over the past decade, but manufacturing is emerging as a key weapon in equipment producers' attempts to build on their hard rock foundations and remain competitive internationally despite being tucked away in a corner of Europe.

In Lahti, the provincial Finnish town best known as a ski-jumping centre, production of small hydraulic hammers has undergone a quiet revolution since 1990 when Rammer's new automated factory was opened. The factory is one of around 40 flexible manufacturing systems in Finland, with three manufacturing and assembly cells grouped around an automated warehouse system into which raw materials are fed. The critical hammer parts are produced by computer-controlled machining centres and robots and matched with subcontracted parts, with final assembly mainly by hand.

According to Olli Vartiainen, a production expert at the Rammer manufacturing company Bretec,

Rocking around the clock: Rammer's hydraulic hammer

production times have been reduced from four weeks to one week, and Rammer's new 20-series hammers have been "designed for manufacture" from the start. But other important advantages of the new system have been increased flexibility and technical quality. The factory was planned to handle six hammer variations, but is now producing more than 40, he says.

The new system is timely for two reasons. Following a reorganisation this year, Bretec (short for breaking technology) has become a manufacturing unit within Rammer Detec, a holding company ultimately owned by Outokumpu, the big Finnish mining and engineering group.

The Rammer sales company has become a Bretec customer, a system which keeps everybody on their toes. But the new factory has also allowed the group to exploit what Pekka Heikkonen, Detec president, sees as an important change over the past two to three years in the relationship between hammer manufacturers and producers of the excavator to which hammers are normally attached. "Excavator manufacturers never used to be interested in the attachment business, but now they are," he says. "If they sell an excavator with attachments as a package, they can get more added value per unit."

But each excavator company has different design priorities, and none wants to become involved in manufacturing hammers, so companies such as Bretec, which is making hammers for Caterpillar, have an opportunity so long as they can respond to several different customers at the same time.

In the past two months Tamrock, based in Finland's third city of Tampere, has also opened a new factory producing rock-drills. For Tamrock, Finland represents only 2 per cent of sales, and the company has expanded from its base in hard rock drilling into all grades of rock and earth-drilling where different methods apply. That requires investment in the latest flexible manufacturing technology to maintain the company's competitiveness, says Markku Varjoranta, marketing communications manager.

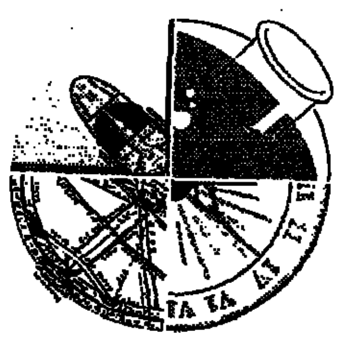
But perhaps the biggest transformation in manufacturing methods and culture has occurred at Lokomo, also based in Tampere, which was founded in 1915. On a site which over the years has produced a huge range of mechanical equipment, production has been concentrated on Lokomo's crushers and manufacturing cells installed over the past decade.

Overall, says Kauko Hinkkanen, workshop manager, manufacturing lead times have been reduced from six-12 months to just eight weeks. "That's very important for us, because with so many variations and options, forecasting is very difficult," says Pekka Pohjolsmäki, area manager.

As at Rammer, Lokomo machines the critical parts of its crushers itself, but has taken the unusual decision to retain its own foundry. Keeping Lokomo Steels, the biggest steel foundry in Scandinavia, is not just a question of ensuring access to large, high-quality castings. Since 1982, the foundry has built its future around "vacuum steel" which has low levels of impurities.

The extra-tough vacuum steel allows Lokomo to use lighter castings for its rock crushers, but also gives the foundry a strong position making castings for water-turbines, diving bells and other equipment where steel strength is crucial. "Vacuum steel is the reason why we are still alive," says Tapio Saari, Lokomo Steels project manager.

Worth Watching · Andrew Baxter



Helping firemen breathe easier

The technology that helped British "superbike" cyclist Chris Boardman win a gold medal at the Barcelona Olympics is also being used to provide ultra-lightweight breathing apparatus for firemen.

EFIC, part of Racal Electronics Group, has launched a new generation of carbon/glass fibre hybrid cylinders bringing weight savings of up to 70 per cent over traditional steel equivalents. Weight-for-weight, the carbon fibres are also 20 times stronger than steel.

The cylinders are made from high-performance carbon fibres in an epoxy resin matrix, wound round an aluminium alloy liner. An outer laminate of glass fibre/epoxy is then applied as an additional barrier against abrasion and impact damage.

The new cylinder weighs 3.4kg compared with 10kg for a typical nine-litre cylinder used by British fire brigades. EFIC: UK, 0909 731686.

Filofax becomes computer-literate

Filofaxes were one of the indispensable business accessories of the 1980s but computerised equivalents, in the form of personal information management software programs, were much slower to take off.

Now Threadz, a UK software company, and Lotus Development of the US are hoping to change that by teaming up to offer the Lotus Organiser, the first personal organiser for the increasingly popular Windows computer environment.

The Lotus Organiser retains the look and feel of a traditional leather-bound organiser but has Windows capabilities with features such as SmartIcons which are common to all Lotus-authored Windows applications.

Via a mouse or tracker ball, the user can switch between six sections – Diary, To-do List, Planner, Address Book, Notepad and Anniversary – and information in different sections can be linked for quick reference. Lotus Development: UK, 0784 455455.

Screwbolt to the rescue

DIY enthusiasts know all about fixing shelves to a wall with plugs and screws, but the building industry normally uses products such as expanding anchors – you drill a hole, drop the anchor in and "torque" it up.

Plasterer Charles Bickford, who is also managing director of Essex-based PA Fixings, has come up with an alternative – the Excalibur Universal Screwbolt.

The device can be used in timber, aerated blocks, brick, masonry, concrete and even steel plate, does not expand and requires no plugs. The screwbolt cuts its own way into a pre-drilled hole with a unique wide-spaced thread, leaving a thick band of material between the thread. With a conventional fine thread, material such as brick crumbles. PA Fixings: UK, 0702 206962.

Tractor takes on a heavier load

Battered by the vagaries of the weather and the Common Agricultural Policy, Europe's farmers are demanding ever-increasing efficiency and productivity from their tractors.

That means larger, heavier implements at both ends, and hence heavier engine blocks and transmission cases to carry the load. But, with the conventional block design of a tractor, this leads to a disproportionate increase in the overall weight, raising energy consumption and soil compaction.

Deere, the big US tractor group, is now tackling the problem with its new 6000 and 7000 Series tractors, which incorporate an independent steel frame that forms the tractor's structural backbone. The full-frame design is intended to give better weight distribution, improving the performance and making it easier to fit front-mounted implements. John Deere: UK, 0949 60491.

MANAGEMENT

The Cadbury Committee is under pressure over its plans to reform corporate governance. Christopher Lorenz assesses the arguments

Standing firm under fire

Recalcitrant top executives in Britain should not count their chickens. Contrary to what they may have heard a week ago, before its latest meeting, the Cadbury Committee on the financial aspects of corporate governance is now unlikely to backslide on the substance of two of its most important proposals.

But nor should advocates of better governance relax. They still need to reinforce the committee's resolve – and to warn boardroom dinosaurs that the alternative to Cadbury's mild proposals will be the imposition of tough regulation.

That, in a nutshell, is the delicately-balanced situation facing opponents and supporters of the committee's proposals as, over the next two months, its members try to decide which proposals should be amended – rather than merely reworded – in the light of the many responses to the draft code which was issued in May. Some bodies have complained that various proposals are excessive, others – notably institutional shareholders – that they are far too puny.

At this stage, only one thing seems sure from talking privately to members of the committee, including radicals: that, despite all the flak it has suffered from both sides, it still wants to try to foster a consensus in support of its proposals – or, at least, in compliance with them. The committee is therefore unlikely to toughen up many of its proposals before the finalised code is published in December. This is in spite of the fact that most are extremely mild compared with the governance regulations which either already exist in the US, or are being proposed by the Securities and Exchange Commission.

Instead, moves are afoot to spark the creation of some sort of continuous Cadbury review mechanism over the next two years, which could lead to changes during that period in response to corporate behaviour. Originally, the committee proposed merely a review period after that time.

Two of the Cadbury proposals have created a particular stir. The first, supported strongly by the Stock Exchange, is the one which gives the draft most bite (the only one, some critics would argue): that a new listing requirement should oblige companies to declare the extent to which they comply with the code. Where they do not comply, they would have to explain why. Since this compliance statement would be in each company's annual report, it would give shareholders the right to raise the whole subject in detail at annual general meetings.

That is precisely why some top managers oppose the idea. It is why certain members of the Confederation of British Industry persuaded their organisation to object to the proposal on the grounds of "bureaucracy", despite the fact that the CBI's representative on the committee had already supported it.

With typical tact, the committee's chairman, Sir Adrian Cadbury, has instead attributed the CBI's opposition to a misplaced fear that the code's clauses would themselves be enforceable. To most people, the difference may seem a fine one.

But it is actually rather more than that, since it enables the committee to state honestly, in the best (or worst) tradition of British self-regulation, that compliance with the code's contents is voluntary.

To remove any risk of further misunderstanding about the compliance requirement, the wording surrounding it is likely to be changed in the final Cadbury code – but not the requirement itself.

The second most controversial proposal is that non-executive directors should "monitor" the activities of directors. The noisiest objector here has been the Institute of Directors, which has complained that this would split the board into two interest groups. It has also been argued that this would, in effect, create a two-tier board – a notion which is always held to be anathema to most British top managers, on the grounds that it would open the door to the European Commission's hated employee-directors.

The Cadbury Committee is perfectly aware that, in reality, a growing number of large company boards in the UK has a majority of non-executive directors, who also form either the majority or the entirety of the board's remuneration and audit committees. So they are already, in a sense, on the way to being two-tier. In its response to Cadbury, the Institute of Chartered Accountants of Scotland wisely advocated much greater debate about the virtues of two-tierdom.

Yet, in the interests of consensus, the committee is likely to skirt this issue. It will tone down the wording of its "monitoring" proposal, and make a declaration of continued faith in the ability of board members to play a proper supervisory role within a unitary structure.

For the same reason of consensus-building, and also because its remit was supposedly too narrowly financial, the committee is unlikely to take much account of the widespread complaint that it is being far too soft on two of the hottest issues of all: the bases on which top pay packages are both decided and disclosed (or not, as is most often the case). Unlike in the US, where the SEC proposed rigorous and detailed new disclosure rules three months ago, the issue will be left to fester for many another day.

And fester it certainly will. In many companies, directors are losing their bonuses, and the average rise in their pay packages has at last moderated – though often not as sharply as for other managers.

A few companies are still producing headline-grabbing rises in top pay packages which, as at recession-bucking WH Smith this week, are harder to judge – and condemn – than they at first appear.

But in far too many other companies, the value of top packages is still climbing out of all proportion to the company's performance – or not falling sharply enough with it. The British Institute of Management has rightly complained about this sort of thing: leaving aside the resentment it causes among less favoured managers and other employees, the most obvious short-term outcome will be increasing annoyance among shareholders.

As with some of the other issues which the Cadbury Committee has chosen to duck for tactical reasons, the probable medium-term result will be a growing political impetus in favour of US-style regulation.

The only way out will be for the committee or its successor body, plus the many financial institutions which say they support Cadbury, to use the next two years to shame boards into doing what is in their companies' best interest: behaving more sensibly.

German workers go back to school to get ahead

Leslie Colitt reports that highly-trained employees are the key to the country's success

Expertise pays dividends at Krone

German manufacturers never cease to complain that their labour costs are the world's highest, especially when non-wage benefits are included.

But press them a bit harder and they will admit that their highly-trained German workers are a key to the country's manufacturing success.

The cost of employing skilled workers is causing German industry to shift lower-value production abroad.

Klaus Krone, chairman of Krone in Berlin, a medium-size producer of telecommunications components, says German manufacturers are switching to higher technology products.

This has been the experience of his own company, even though labour represents less than 5 per cent of total costs.

Germany is famous for its training system. This provides for three-year apprenticeships during which most trainees from the age of 16 work on three days a week and attend vocational school for the other two.

Management at Krone, which has 4,100 employees in 17 countries, says this training gives the company's German labour force a significant advantage in both theoretical and practical knowledge over its workers in Britain and Australia which favour on-the-job training.

Thomas Mickeleit, a spokesman for Krone, says: "A worker in the UK has a more narrow training than here and lacks the theoretical background which would make him more flexible." Krone workers in Berlin said they found it difficult to imagine how foreign workers could cope without having been apprenticed or having attended a vocational school.

Jürgen Rinner, a 38-year-old, did his three-and-a-half-year apprenticeship at Krone when the company was desperate for skilled workers in isolated west Berlin. At that time he earned only DM145 (£57) a month compared with the DM800 which a 16 year-old apprentice starts off with today. He attended vocational school once a week, doing practical work and studying technical drawing, maths and materials science.

TRAINING ON TRIAL

Today, young German apprentices go to vocational school twice a week – to the dismay of many small companies which rely heavily on them – and the range of subjects is far greater and more specialised. One language is required, usually English, and a social science.

"You can't know enough today," says Rinner. In fact, a growing number of the 100 young people who are apprenticed at Krone each year have Abitur school-leaving certificates, qualifying them for university studies but instead choose to learn a trade through fear of unemployment.

Rinner is one of a handful of maintenance and control workers in an automated hall producing quick connection components for copper and optical fibre networks. He doubts that on-the-job-training could give a worker the skills he gained during his apprenticeship and vocational school.

"The foundation would be missing" he says.

A colleague, Karsten Vogel, is one of Krone's nearly 200 east German employees, hired since the Berlin Wall came down in 1989. They proved to be as well-qualified as their west German counterparts, according to the company.

Vogel, a 28-year-old electronics worker did his apprenticeship at an east Berlin television plant equipped with modern Japanese equipment.

At the same time, he studied to gain the coveted Abitur. "You learned more than you need but you never know where you will end up," he says.

Vogel attended a number of training courses offered by Krone and was soon able to cope with its different control system for the automated equipment.

At first, western workmates kept their distance but finally accepted him when he proved his competence.

Vogel would like to become a technician but says the two years of evening classes he would need to attend are not possible while he continues to work in a three-shifts-a-day pattern.

A vital link between the management and workers on the German shopfloor is the *meister*, the foreman. Jürgen Schumacher, aged 54, and a *meister* at Krone for seven of his 11 years with the company, says: "The only problems we have are with older employees as their capacity to absorb new information is limited."

Business For Sale advertising continues today on page 23

LEGAL NOTICES

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re

MAXWELL COMMUNICATION CORPORATION plc, et al
Debtors

Chapter 11,
Case No. 91 B 15741 (TLB)

Jointly Administered.

NOTICE OF OCTOBER 30, 1992 DEADLINE AS THE LAST DATE TO FILE PRIORITY CLAIMS AND ADMINISTRATIVE CLAIMS BASED ON UNEXPIRED LEASES AGAINST MAXWELL COMMUNICATION CORPORATION PLC

TO: ALL PERSONS AND ENTITIES WITH PRIORITY CLAIMS AND ADMINISTRATIVE CLAIMS BASED ON UNEXPIRED LEASES AGAINST MAXWELL COMMUNICATION CORPORATION PLC

PLEASE TAKE NOTICE that on December 16, 1991 (the "Petition Date"), Maxwell Communication Corporation plc, debtor and debtor in possession ("MCC" or the "Debtor") filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"). On December 17, 1991, MCC filed a petition with The High Court of Justice, Chancery Division, Companies Court in London, England, seeking an order of administration pursuant to the Insolvency Act 1986 of Great Britain. On December 20, 1991, that petition was granted and Andrew Mark Homan, Colin Graham Bird and Jonathan Guy Anthony Phillips were appointed as joint administrators (the "Joint Administrators") for the Debtor. MCC continues in the possession of its property and the management of its business as a debtor in possession under the governance of the Joint Administrators;

PLEASE TAKE FURTHER NOTICE that the Bankruptcy Court has entered an order dated September 15, 1992 requiring all persons and entities including, without limitation, individuals, partnerships, corporations, estates, trusts, unions and governmental units, EXCEPT THOSE PERSONS AND ENTITIES DESCRIBED IN PARAGRAPHS A THROUGH D BELOW, that assert a claim against MCC based on a pre-Petition Date priority claim under 11 U.S.C. §§ 507(a)(3), (4), (6), (7), (8) ("pre-Petition Date Priority Claim") or a post-Petition Date administrative claim based on an unexpired lease of non-residential real property under 11 U.S.C. § 365(d)(3) ("post-Petition Date Lease Claim"), to file a written proof of claim by mailing or delivering the proof of claim to:

Clerk of the U.S. Bankruptcy Court,
United States Bankruptcy Court,
The Alexander Hamilton United States Custom House,
One Bowling Green,
Room 614,
New York, New York 10004,
USA.

SO THAT IT IS ACTUALLY RECEIVED ON OR BEFORE 5.00 PM NEW YORK CITY TIME ON OCTOBER 30, 1992 (the "Priority Claims Bar Date"). Such proofs of claim will be deemed filed only when they are actually received. As used herein and as defined in section 101(5) of the Bankruptcy Code, the word "claim" means: (a) right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; or (b) right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured;

PLEASE TAKE FURTHER NOTICE THAT IF YOU ARE REQUIRED TO FILE A PROOF OF CLAIM AND FAIL TO DO SO IN THE MANNER AND BY THE DATE PRESCRIBED, YOU WILL BE FOREVER BARRED FROM ASSERTING RIGHTS TO PRIORITY IN DISTRIBUTION WITH RESPECT TO SUCH CLAIM UNDER THE U.S. BANKRUPTCY CODE. A HOLDER OF A CLAIM SO BARRED WILL NEVERTHELESS REMAIN FREE SUBSEQUENTLY TO LODGE A CLAIM (INCLUDING A PREFERENTIAL CLAIM) UNDER ENGLISH LAW TO BE DEALT WITH UNDER A SCHEME OF ARRANGEMENT UNDER SECTION 425 OF THE COMPANIES ACT 1985 OF GREAT BRITAIN OR OTHERWISE, OR FILE A GENERAL UNSECURED CLAIM IN CONNECTION WITH THIS CHAPTER 11 CASE OR ASSERT RIGHTS UNDER OTHER APPLICABLE LAW (SUBJECT TO THE "AUTOMATIC STAY" PROVIDED BY SECTION 362 OF THE BANKRUPTCY CODE AND ORDER OF THIS COURT). A CREDITOR FILING A PROOF OF CLAIM IN ACCORDANCE WITH THE ORDER SETTING THE "PRIORITY CLAIMS BAR DATE" WILL BE SUBMITTING IRREVOCABLY TO THE JURISDICTION OF THIS COURT WITH RESPECT TO THE CLAIMS (INCLUDING, IN CONNECTION WITH A POST-PETITION DATE LEASE CLAIM, ANY OTHER CLAIM ARISING UNDER THE RELEVANT LEASE);

PLEASE TAKE FURTHER NOTICE that the Debtor reserves its rights to object to any pre-Petition Date Priority Claim or post-Petition Date Lease Claim filed in accordance with the Priority Claims Bar Date, including its right to object on the grounds that such claim or claims should not be afforded priority status;

PLEASE TAKE FURTHER NOTICE that

A. Any person or entity that has already properly filed a proof of claim with the Clerk of the United States Bankruptcy Court for the Southern District of New York need not file a duplicate proof of claim;
B. Any person or entity whose claim was previously allowed by order of the Court need not file a proof of claim;
C. Any person or entity whose claim does not arise under either: (1) 11 U.S.C. §§ 507(a)(3), (4), (6), (7), (8) as a pre-Petition Date Priority Claim; or (2) 11 U.S.C. § 365(d)(3) as a post-Petition Date Lease Claim need not file a proof of claim; or
D. Any person or entity whose claim has been scheduled by the Debtor as neither contingent, disputed nor liquidated, unliquidated need not file a proof of claim;

PLEASE TAKE FURTHER NOTICE that proofs of claim shall state the amount of the claim in U.S. dollars and shall conform substantially to Official Bankruptcy Claim Form No. 10. Copies of Official Bankruptcy Claim Form No. 10 may be obtained from U.S. counsel to the Joint Administrators, Milbank, Tweed, Hadley & McCloy, 1 Chase Manhattan Plaza, New York, New York 10005, USA, telephone number 212-530-5000, Attention: Jeffrey D. Saferstein or from U.K. Counsel to the Joint Administrators, Norton Rose, Kempson House, P.O. Box 570, Camomile Street, London EC3A 7AN, England, telephone number 071-283-2434, Attention: Paul Lee;

PLEASE TAKE FURTHER NOTICE that this notice may be sent to persons or entities who may not have pre-Petition Date Priority Claims or post-Petition Date Lease Claims or who are not required to file a proof of claim. The fact that you received this notice does not necessarily mean that MCC believes that you have one of these claims.

Dated: New York, New York
September 15, 1992.

MAXWELL COMMUNICATION CORPORATION PLC
Debtor and Debtor in Possession
By the Joint Administrators

MILBANK, TWEED, HADLEY & MCCLOY
1 Chase Manhattan Plaza,
New York, New York 10005,
(212) 530-5000 John G Gellene Esq.

Attorneys for the Joint Administrators.

BY ORDER OF THE COURT
s/ TINA L. BROZMAN
United States Bankruptcy Judge

IN THE MATTER OF THE REHABILITATION OF MUTUAL BENEFIT LIFE INSURANCE COMPANY, a Mutual Insurance Company of New Jersey

ORDER TO SHOW CAUSE WHY AN ORDER SHOULD NOT BE ENTERED AUTHORISING AND APPROVING THE TRANSFER OF MUTUAL BENEFIT OVERSEAS, INC. TO A RECEIVING AGENT AND OTHER RELIEF

THIS MATTER having come before the Court upon the application of Samuel F. Fortunato, New Jersey Commissioner of Insurance and Rehabilitator of Mutual Benefit Life Insurance Company ("Rehabilitator"), through his attorneys Robert J. Del Tufo, Attorney General of New Jersey, (by Edward J. Dauber, Executive Assistant Attorney General) and Special Counsel to the Rehabilitator, Cole, Schotz, Bernstein, Meisel & Forman, P.A. and Cadwalader, Wickersham & Taft for entry of an Order to Show Cause Why An Order Should Not Be Entered Authorising and Approving The Transfer of Mutual Benefit Overseas, Inc. to a Receiving Agent and Other Related Relief, and the Rehabilitator having filed with this application an Agreement dated August 21, 1992 with Marine Midland Bank N.A., as Trustee and certain bondholders indicated on Exhibit A to the Agreement: and the Rehabilitator having requested a hearing date for approval of the transfer and related relief; and, the Court having read and considered the annexed Affidavit of Peter A. Martosello, Jr., and all exhibits thereto; and it appearing that it is in the best interest of MBL's estate to schedule a hearing date on the application: and the application having been properly filed without notice pursuant to R. 4:67-2(a) because no temporary relief is sought, and the Court finding that entry of the Order to Show Cause is warranted, and for good cause shown:

It is on this 21st day of September 1992,

ORDERED AS FOLLOWS:

(1) All parties on the annexed Schedule A, and any other parties in interest wherever located, shall show cause before the Honorable Paul G. Levy, P.J. Ch., Superior Court of New Jersey, Chancery Division, Mercer County, 210 South Broad Street, 5th Floor, Trenton, New Jersey 08625 on October 21, 1992 at 9:00 a.m. in the forenoon or as soon thereafter as counsel may be heard why an Order should not be entered:

(a) approving the transfer of Mutual Benefit Overseas Inc. to IBJ Schroder Bank and Trust as Receiving Agent;

(b) approving the execution, delivery and performance of an agreement (the "Agreement") between MBL, Mutual Benefit Overseas, Inc. ("Overseas"), the Trustee and the Bondholders;

(c) approving the other transactions set forth in the Agreement; and

(d) authorising such other and further relief as the Court may deem necessary and proper.

(2) Any person or entity seeking to respond to this Order to Show Cause by filing answering certifications or affidavits and briefs with this Court shall do so no later than October 13, 1992. Such answering papers shall be filed directly with the Honorable Paul G. Levy, P.J. Ch., Superior Court – Mercer County, 210 South Broad Street, 5th Floor, CN 977, Trenton, New Jersey 08625, accompanied by a filing fee to the Clerk of the Superior Court in the amount of $80. Any person may file a verified application to the Court pursuant to R-1:13-2 to seek a waiver of the Court filing fee by reason of poverty. Responding papers on behalf of any corporation should be filed by a New Jersey attorney, but motions for appearances pro hac vice may be entertained under R.1:21-2;

(3) All answering papers filed pursuant to paragraph (2) above shall be simultaneously served upon counsel for the Rehabilitator by delivering one set of papers to Patricia Kern, Deputy Attorney General, Richard J. Hughes Justice Complex, CN 117, Trenton, New Jersey 08625 and one set of papers to Michael S. Meisel, Esq., Cole, Schotz, Bernstein, Meisel and Forman, P.A., Court Plaza North, 25 Main Street, P.O. Box 800, Hackensack, New Jersey 07602-0800 and one set of papers to Gregory M. Petrick, Esq., Cadwalader, Wickersham & Taft, 100 Maiden Lane, New York, New York 10038. Any persons seeking access to responses made by others should contact Frances Pisano, Legal Assistant, at (201) 489-3000, who will make the papers filed available for inspection at the Cole, Schotz offices.

(4) The Rehabilitator shall reply to the answering papers received by him no later than October 16, 1992, and shall serve that reply upon all counsel or persons who responded pursuant to paragraph (2).

(5) On or before September 25, 1992, the Rehabilitator shall serve a copy of this Order together with all supporting Affidavits exhibits, by first class mail to all parties listed on Schedule A, and shall publish a copy of the Order to Show Cause in Financial Times of London, the national edition of The Wall Street Journal and Luxembourg Wort, such publication to be arranged by Special Counsel to the Rehabilitator. Copies of the Agreement, and related agreements, and all Affidavits and supporting papers as filed with the Court, shall also be available for inspection at Cole, Schotz's office at a reasonably convenient time upon request.

(6) Any person failing to raise timely objections to this Order to Show Cause shall be forever barred from raising such objections and that in the absence of such objections, the Court may grant the relief requested without further notice or hearing.

Paul G. Levy, P.J. Ch.

PEOPLE

Capital Radio picks Thames's Mansfield

Capital Radio, which runs Britain's two biggest independent radio stations, wants to put a stop to being regarded as the poor relation when it comes to national advertising. It has hired its new commercial director, 38-year-old David Mansfield (right), from the television marketing world.

Mansfield, currently deputy director of sales and marketing at Thames TV, joins Capital on January 1 and will be responsible for boosting the revenues of a group whose two London radio stations have an estimated 6m people a month.

Having started his career selling Terry's chocolates, Mansfield will be one of three executive directors reporting to Richard Eyre who took over as chief executive at the start of the year following Nigel Walmsley's move to run Carlton Communications TV business.

The radio industry's share of total advertising revenue of about 2.5 per cent is "far below its potential", says Eyre. He blames the poor showing on the fact that commercial TV came to Britain long before commercial radio and as a result has hogged an unusually large share of the national advertising budget.

Eyre, who comes from the advertising world, believes that television's share of national, as opposed to local, advertising – currently around a third of the total – has peaked and the share of commercial radio is poised to grow. "Mansfield shares my vision," says Eyre, who argues that with increasing competition at local level, radio stations like Capital must increase their share of the national advertising market.

Mansfield's arrival will overlap with next year's retirement of Philip Pinnegar, the deputy managing director who has been with Capital since its launch in 1973. However, the company says that the management of the sales department under sales director David Lees would not be affected by the new appointment.

■ Liam Strong, the recently-appointed chief executive of the struggling Sears retail empire, has moved to shake up the company's sports and leisurewear businesses, including Olympus and Millets, which have performed "disappointingly".

Alan Vickers, the division's managing director, will leave the company to "pursue other interests". He will be replaced by John Fallon, previously finance director of British Shoe Corporation.

The division will also be strengthened by the appointment of Kevin Gunter, currently operations director of the Budgens grocery chain, as retail operations director.

Fallon will be succeeded as finance director of BSC by the financial controller, Peter Ellis.

■ Richard Macey, formerly md UK for Christian Dior Parfums, has been appointed sales director of WARNER'S UK, a subsidiary of Warnaco Inc.

■ Brian Kennerley, md of WHIRLPOOL UK, has been appointed md of a new regional sales area for the UK, Ireland, Norway and Finland.

■ Kenneth Brown, recently appointed md of J BIBBY & SONS' materials handling division on the retirement of Clive Innocent, has been appointed to the main board.

■ Christopher Chaloner, executive manager, business planning, of Amerada Hess, has been appointed to the board of PICT PETROLEUM. He replaces Michael Laws, Amerada Hess's previous nominee, who has retired but remains a non-executive director of Pict.

■ David Jewell has been promoted to md of Cowie Fleet, part of T COWIE. Guy Trehearne, formerly md of T Cowie Property Developments, is being retained as a consultant to oversee current development projects, but is returning as a property consultant to an earlier employer, Edward Rushton Son & Kenyon.

■ David Hall, sales and marketing director, and Peter Casben, finance director, have been appointed joint group mds of CHARLES LETTS (HOLDINGS).

■ James Dawson has been appointed sales and marketing director of AG BARR.

■ Paul Clarke, finance director of FULLER SMITH & TURNER, has been appointed to the main board.

■ Body Shop International, the "green" personal care products group, has appointed Michael Ross to the main board as international director responsible for supporting the operations of the company's overseas franchisees.

Body Shop is continuing its rapid overseas expansion and further diminishing its reliance on the UK market, which has been hard hit by recession in recent months.

Ross, 38, previously ran the company's Soapworks factory in Glasgow which was intended as an exercise in improving community relations in a depressed region as well as manufacturing most of Body Shop's soap needs.

Before joining Body Shop, Ross gained international business experience in the oil and gas industry.

Troika beavering away at the Industrial Society

Bill Beaver, director of corporate affairs at National Westminster Bank until he left abruptly in March, has turned up in the new position of marketing director at the Industrial Society.

A registered charity training between 20,000 and 30,000 people a year, the Society has had a new lease of life since the arrival last year of Rhiannon Chapman as director. Beaver says she, finance director Andrew Cameron (formerly of RTZ) and he make up a "troika leading a quiet but determined revolution".

Keen on words like "empowerment", Beaver thinks the organisation, which in the past few years had rather lost its way, can return to the excellence in training it enjoyed in its heyday under John Garnett who stepped down in 1986 after 24 years as director. "Lots of people go to work in fear; they ought not to. Lots of people are cynical about their work; they shouldn't be," according to Beaver, who spends part of his free time as a Church of England priest in Brixton. "The idea is, we don't charge as much as Harvard but we deliver the goods."

Courses range from teaching small business how to cope with EC regulation to such "grown-up" subjects, as Beaver puts it, as helping women to deal with the "glass ceiling".

A 46-year-old American who says that while he sounds as if he is "just off the boat yesterday", is in fact British-trained. He studied Imperial history at Oxford, and later worked for JWT in the UK and then Barnardo's (where he "took the Dr out of Dr Barnardo's"). Next he moved to AGB Research; some two years after he joined, it was acquired by Robert Maxwell's private group of companies, and he became the tycoon's chief of staff "for three whole weeks". He stayed at NatWest for 18 months.

ARTS

Craft/Susan Moore

Subversive stitching

Two contemporary craft exhibitions in London set out to explode widely held misconceptions. The cosy world of the embroidered tray cloth is rocked by any number of examples of subversive stitching in the Craft Council's avant-garde embroidery show, *Out of the Frame*.

Alice Kettle's "Indian Summer – Man", for instance, soars over three metres high and features a life-size nude, richly textured with densely machine-stitched metal, silk cotton and rayon threads. His puffy face, partially padded, gradually emerges out of the gloom of the picture plane. Stumpwork was never quite like this.

Rozanne Hawksley, now in her 60s, offers a mock reliquary arm in "Libera me, Domine, de morte aeterna" – a sombre confection of black taffeta, jet, pearls and a gloved hand clasping a rosary and hand-mirror. The arm is shrouded in black silk and enshrined in a glass-topped black box. In contrast, Maddi Nicholson dazzles with fluorescent pinks and yellows. Materials frequently are unexpected. Janet Ledsham's "Canopy" incorporates maple and aspen leaves, Michael Brennand-Wood has a nice line in Ladybird books, pencils and paperback spines.

The show, which is of British work only, is witness to the various revolutions which transformed the textile arts in the 1960s. Since then, it has appeared that there is nothing that fabric, and the stitching techniques traditionally associated with it, cannot be persuaded to do.

Surfaces are moulded, animated, distressed and encrusted using a wide variety and media and techniques appropriated from the art school. It comes as no surprise to discover that a number of makers here began their training as painters, sculptors or ceramicists. We find textile vessels, and a menagerie of fantastical animals that have precious little in common with soft toys. Kate O'Toole's heart-shaped "Valentine" cushion is nothing other than a frilly "construction", complete with absurd naked Action Man and a mass of rubber creepy crawlies. Pure Jeff Koons kitsch on a domestic scale.

The relationship between fine art and embroidery often proves too close for comfort. Painting by needle is rife. No doubt the organisers should be commended for having no modernist axe to grind and showing an honest, representative survey of contemporary embroidery. As consequence, we find Monet-style poppies, Nolde daisies, even shades of Glynn Boyd Harte. Moreover, Eiran Short's technically brilliant evocation of a Helen Allingham cottage garden succeeds in confirming all the old prejudices about handicraft. The icing on this particular tea cake is a frame created out of brown-beige 1970s curtain material, aluminium and silver braid, and lavished with rows of pale pink sequins.

Far more impressive is Polly Binns' minimalist triptych of geometrically ordered cuts into white cotton – despite a certain debt to Lucio Fontana. Only rarely do painterly treatments succeed. Audrey Walker's long, random stitches are used to great atmospheric effect in "These Golden Days", its texture akin to that of pastel.

Textures and subtle surface patterns are the delights of this show. Hannah Frew Patterson shows great sensitivity in exploiting the intrinsic qualities and beauty of specific materials. Her abstract "Strome Slab" manipulates hand-made silk felt and hand-dyed silk fabrics, some treated with gelatine, others gathered, shredded and layered. Hazel Bruce chooses to burn, layer and cut Habotai silks and cottons, and then to paint, print and stitch.

Setting this contemporary work in context is a selection of often spectacular historic textiles on loan from the Embroiderers' Guild, plus a group of Glasgow School and later 20th century pieces (all confusingly jumbled together as only the Crafts Council Gallery knows how). They offer valuable lessons in pattern-making that a number of contemporary makers would do well to study. They also serve to remind us how traditional techniques such as quilting, embroidery, white work and patchwork – and utilitarian domestic artefacts – continue to be creatively, and often joyously, reinterpreted.

'Sammy Samula in the Skull': a work in taffeta, satin, lining fabric, towelling, applique and machine embroidery and shisa mirrors by Maddi Nicholson

Bound to Please! at the Royal Festival Hall (until October 4) offers a glimpse at the ever-expanding boundaries of book board and slip case. There is not a piece of red morocco in sight. Among those represented is Cathy Robert, something of the Damien Hirst of bookbinding after her aquarium-cum-cover for *The Practical Encyclopaedia of Freshwater Tropical Aquarium Fish*. Here, the letters forming the august name of Appolinaire cascade down the front of her binding of selected poems – and down the patinated bronze of its sculptural stand. Are such bulky excrescences really desired by bibliophiles?

Far more covetable are the books that appear not only user-friendly but alluringly tactile. Romily Saumarez Smith employs soft pink goatskin, overlaid with white calf for Plato's *Symposium*. Jen Lindsay chooses limp, mottled vellum for Gerard Manley Hopkins. For a cover of a book of 7th century Arabic poetry, John Pearson suggests great age and fortunate survival by dyeing linen in tea, and throwing in a handful of small nails during the drying process to produce smoky marks. The linen is dyed, dried, waxed, flattened and folded, and finally fastened by calfskin ties.

It is tempting to suppose that even that curmudgeonly Old Devil Philip Larkin may have approved of Jenni Grey's ingenious perspex, wood and brass container for "Required Writing". From certain angles it appears to be empty.

Out of the Frame continues at the Crafts Council Gallery, 44a Pentonville Road, Islington N1, until November 1, and tours to Wakefield, Coventry and Aberystwyth in 1993.

Theatre/David Murray

Rosmersholm

This is late-ish Ibsen, which means that it is horribly difficult to play now for full value. Annie Castledine's production is fluent, unfussy, dramatically well-pointed; Joan Tindale has translated the text into easy modern English – though that leaves the principals' unbrookable effusions about Freedom and the Joy of Life sounding eccentrically quaint. For Ibsenites and for theatre-lovers who want to improve their education, this *Rosmersholm* is seriously collectable, but some way off spot-on.

A quick re-cap: Rosmer is a scholarly Pastor (now ex-), the heritor of a distinguished family in his Norwegian town. Widowed when his unstable wife flung herself into the mill-race, he has been not merely consoled by her young nurse-companion Rebekka (as the Young Vic programme insists upon spelling her), but transformed from moralising conservative to radical freethinker. He lends his name to a muck-raking liberal journal, and his old Establishment friends – represented by Headmaster Kroll – are scandalised. Kroll unearths some worrying facts about Rebekka; she and Rosmer examine their relationship and their ideals in a bleak new light; tragic dénouement.

Alastair Muir

Corin Redgrave and Francesca Annis

As so often with late and late-ish Ibsen, we can recognise that matters of elevated moral import are at stake – and on a good night, be moved by them; but the theatrical scaffolding designed to raise them high seems period-bound and dusty. To our sceptical ears, *everybody* sounds naively windy, or plain hypocritical. When we are meant to shudder or feel lofty thrills, we snigger. Sufficiently charismatic playing by the six-strong cast can override the hazards; here, however, six very intelligent performers are all more or less miscast.

Corin Redgrave's Rosmer, persuasive in his own terms, is a crumpled teddy-bear, ready with wry, self-deprecating little smiles whilst the text insists upon his sober *gravitas*. No trace of the former right-thinking orator is detectable, nor therefore any reason why the town's reactionary Right should be so keen to keep him. As Rebekka – a fervently idealistic girl, brought up in the stark North by a liberal stepfather (or perhaps incestuous father) with "advanced" books – Francesca Annis is irremediably chic, moving sensuously and self-appreciatively, and wielding an urbane, knowing chuckle.

Instead of a passionate backwoods Utopian, we see a lady whom Kroll's nasty diagnosis (ambitious, calculating seductress) fits all too well. When she succumbs to it near the end, it seems a matter of facing the unedifying facts, when we ought to feel an engineered subversion of blazing ideals. Similarly, Allan Corduner's Kroll – a pompous, edgy bantam-cock, towered over by Redgrave's gentle Pastor – is so brittly fixed from the start as to devalue his pragmatic wisdom later to cheap point-scoring. Old Ibsen gives his conservative monsters a fairer leash than that.

Bernard Lloyd makes Rosmer's unregenerate old tutor little more than a ruined *poseur* and dandy. Miriam Karlin is curiously enlisted as the Rosmersholm housekeeper: we expect more of her than the role could ever afford, and she treated her final lines (stagey reportage on the double suicide) with numb disdain. The piquant casting of a black actor, Leo Wringer – complete with Afro-Caribbean accent – as the crusading small-town journalist, gives an extra fillip of unreality to the scene.

At the Young Vic, S.E.1, until October 31

Music Theatre/Andrew Clements

Toovey's 'Ubu Roi'

The cartoon cuts of Alfred Jarry's *Ubu Roi*, much celebrated 19th-century precursor of the Theatre of the Absurd, seem to offer a constant temptation to opera composers. Only last year Penderecki's *Ubu Rex* appeared at the Munich Festival, and now Andrew Toovey's version has been staged in Cardiff by Music Theatre Wales, which commissioned it. The touring production by Keith Turnbull is shared with the Banff Centre in Alberta, Canada.

Toovey, born in 1962, has already amassed a substantial catalogue of works; an article by Michael Finnisy in the most recent issue of the magazine *Tempo* offered a useful introduction to his music. *Ubu* is his second theatre piece, but much more substantial and ambitious than its predecessor, based upon on Artaud. Everything the composer has written it about suggests a summation of his development so far, and hints at the possibility of a fix on his musical style and future prospects. But in both these respects and in fact from every other perspective too, the evening is a huge disappointment, musically thin, dramatically unfocussed and doggedly unfunny.

The libretto was prepared by Toovey and Michael Finnissy, making a translation of Jarry's original that is at pains to preserve and to enhance where necessary its scabrous and scatological elements. The intention seems to have been to write an Offenbach comic opera for the 1990s; perhaps the tale of the terrible Ubus is meant to have an awful resonance for our own times. The grotesque Pa Ubu, the Essex Man of his day, is goaded by his equally noxious wife into killing the King and seizing power for himself; he then runs riot in his kingdom, reducing it to ruins by destroying its entire social fabric.

Toovey's version is far too leaden, and the humour impossibly coarse-grained to carry any kind of satirical force. An opera that considers that a line like "Then I'll get the fuck out of here" becomes side-splittingly funny just because it is sung to an ornate vocal line is in dire straits. The score is most convincing when deliberately intended as pastiche – there are some winning Ibert-like numbers, cornily melodic. The accidental pastiches, of the violence of Birtwistle's *Punch and Judy* or of Maxwell Davies's hyper-expressionism, ring less true, perhaps because they are never placed within a convincing frame.

Ubu does not lack the courage of its convictions, but its full frontal assault on the audience's finer sensibilities is never accurately targeted. Toovey is a much more discriminating composer than he allows himself to be here, and a few beautifully imagined passages towards the end of the opera give that game away.

The production is reasonably effective, the performance conducted by Michael Rafferty enthusiastic. Both Richard Morris's Pa and Gale Oxley's tenor Ma are larger-than-life horrors; there is a neat Prince Buggerlips from Anne-Margaret Cameron, while Twylla Augustson, representiong both the Nobility and the Army, deals with some stratospheric coloratura with great aplomb.

St David's Hall, Cardiff; further performance tonight, and then touring to Milford Haven (October 1), Aberystwyth (October 3), London (Queen Elizabeth Hall, October 5), Swansea (October 7), Builth Wells (October 10)

Jazz/Garry Booth

Joey Calderazzo/Barbara Thompson

A funny thing about jazz, especially when it is performed in bars, is that the group may have met only hours before they take to the stand. Having rehearsed together for an hour or so in the afternoon they go out with some standards and follow the leader using eye and ear contact more than charts to find the way. Some leaders helpfully telegraph their direction while others simply do what they always do and leave their sidemen to come along if they want to.

Pianist Joey Calderazzo takes a third option and apparently enjoys the company of strangers. A contender, along with the likes of Julian Joseph or Marcus Roberts, for the hearts of youthful modern jazz fans, Calderazzo is a likeable and unpretentious young man. Heard at the Jazz Café earlier this week without his regular band but with Britishers Winston Clifford (drums) and Gary Crosby (bass), the American showed why Blue Note, and his occasional sidemen, like him.

A nimble player, with an unforced tone, he has a teeming right hand and a way with minor chords on the left. Well modulated in delivery, his technique is to work up to a swinging number from an almost standing start – egged on here by Clifford's tough Art Blakey-like drumming. The exchange of energy in a trio is usually exciting because the three way dynamics demand it. At the Jazz Café Calderazzo seemed keen to make the three sides equal and as a result rationed his solo work to great effect. Thus, original ballads which started innocuously soon developed into full steam ahead workouts as Calderazzo bounced across the keyboard.

A new trio recording with drummer Peter Erskine and bassist John Pattitucci, his third date for Blue Note, is due in February and promises to be an interesting proposition.

*

Having a less happy time in clubland (The Vortex) without her regular band was saxophonist Barbara Thompson. Boldly tackling originals such as "Secret Soul" and "Jaunty" from the recent album *Breathless*, as well as standards like "The Man I Love", Thompson's playing was sweet and unfussy. Some uncertainty happening around her and an extremely noisy house conspired to detract from the clean and vocal phrasing which fought for a fair hearing, however. Better to catch her at Ronnie Scott's *other* club in Birmingham up to and including the September 26 where she will be surrounded by her usual Paraphernalia.

BBC documentary wins Prix Italia

The BBC has added once again to a unique record of success at the Prix Italia, oldest and most respected of all the world's broadcasting festivals, by winning this year's prize for television documentaries with *War, Lives and Videotape*. The programme, made by Nick Danziger, was one of the "Video Diaries" series in which non-professionals have been lent video cameras, given rudimentary training, and encouraged to produce personal documents. Danziger's tells of his efforts to provide a home in Kabul for orphans growing up in the mental hospital.

The prize of L15m (about £7,500) was won against competition from 32 other entries submitted by 22 countries. The special, or second prize, was won by a Belgian programme called *Les Amants D'Assises* which tells the extraordinarily dramatic story of a court case concerning a crime of passion.

Christopher Dunkley

INTERNATIONAL ARTS GUIDE

The Festival of Scandinavian Arts devised by London's Barbican Centre (Nov 10-Dec 13) will be the largest celebration of Scandanavian culture ever held in Britain. There will be a rare opportunity to view the full span of Edvard Munch's career, as part of a survey of 14 Scandinavian artists *over the past 100 years* (coinciding with a major Munch retrospective at the National Gallery). The Design Museum will stage an exhibition *focusing* on how 20th century Scandinavian designers have influenced their British counterparts and the latest trends in Scandinavian design.

The musical highlights are a Nielsen cycle with Simon Rattle and the CBSO, and a Sibelius cycle with Colin Davis and the LSO. Mariss Jansons and the Oslo Philharmonic give the opening concerts, and other visitors include the Gothenburg Symphony Orchestra conducted by Neeme Järvi, Swedish trumpet virtuoso Hakan Hardenberger, the Reykjavik Wind Quintet, Anne Sofie von Otter and other leading Scandinavian singers. Finnish conductor Jukka-Pekka Saraste directs two of the five new music programmes in The Place Theatre. The programme also features Norwegian jazz saxophonist Jan Garbarek, Icelandic rock group Mezzoforte and a trio led by Danish contemporary jazz pianist Thomas Clausen.

There will be a Nordic film season attended by Liv Ullman and other great names of Scandinavian cinema, and the talks programme features the Iceland president, Vigdis Finnbogadottir. Booking by post at Barbican Centre, Silk Street, London EC2Y 8DS, and by telephone on 071-638 8891.

EXHIBITIONS GUIDE

AMSTERDAM
Rijksmuseum Meeting of Masterpieces: Lodovico Carracci's The Vision of St Francis and Titian's Madonna and Child with John the Baptist and Catherine. Ends Nov 8. Also Drawings from the Age of Bruegel: the Frits Lugt Collection. Ends Nov 8. Closed *Mon*
Stedelijk Museum Peter Halley: recent work. Ends Nov 1. Also Sigmar Polke: paintings. Ends Nov 29. Daily
Van Gogh Museum Felix Vallotton (1865-1925): Swiss Post-Impressionist who joined the Nabis. Ends Nov 1. Daily
COLOGNE
Wallraf-Richartz-Museum From Brueghel to Rubens: the Golden Century of Flemish Painting. An exhibition of 150 paintings and 170 graphic works from the years 1550 to 1650. Ends Nov 22. Closed Mon
FRANKFURT
Schirn Kunsthalle Genoese Art of the Baroque Age. Ends Nov 9. Daily
Städel Oskar Kokoschka and the Puppet. Ends Oct 18. Daily
Deutsches Architekturmuseum Modern architecture 1900-50: 600 drawings by German architects. Ends Nov 29. Closed Mon
GENEVA
Musée Barbier-Mueller Art of Benin: 20 pieces of bronze and ivory. Ends Oct 15. Also Femme Nue, Femme Noire: African sculptures of women. Ends Oct 13. Daily
Musée d'art et d'histoire Between Byzantium and Islam: objects in clay and bronze discovered during recent *archaeological work at two sites* in Jordan, including mosaics from a Byzantine church and the remains of a fortress and mosque. Ends Feb 21. Closed Mon
Petit Palais Louis Valtat and the Fauves. Ends Oct 30. Closed Mon
HANNOVER
Sprengel Museum Art from Costa Rica: 100 works by 30 artists whose inspiration came from the German Expressionists. Ends Oct 25. Closed Mon
HILDESHEIM
Roemer und Pelizaeus Museum The World of the Maya: archaeological treasures from central America, illustrating the rich civilisation of the Indian peoples before the arrival of Columbus. Ends Nov 2. Daily
LAUSANNE
Musée d'Art Contemporain Roy Lichtenstein: 70 works by one of the founders of the pop art movement, illustrating the stages in his work over the past 30 years. Ends Jan 31. Daily
Musée Cantonal des Beaux-Arts Adolphe Appia (1862-1928): drawings by the Geneva-born artist and stage designer. Ends Nov 1. Closed Mon
LONDON
Royal Academy of Arts Sacred Art of Tibet. Ends Dec 13. Also Alfred Sisley retrospective. Ends Oct 18. Daily
Hayward Gallery Art of Ancient Mexico. Ends Dec 6. Daily
Courtauld Institute Kokoschka: works on paper from the Princes Gate Collection. Ends Oct 28. Daily
Barbican *John Heartfield: father* of photomontage. Ends Oct 18. Daily
Tate Gallery The Painted Nude. Ends Dec 27. Also George Baselitz (b1938): prints 1964-90. Ends Nov 1. Daily
Whitechapel Art Gallery Juan Gris (1887-1927): retrospective of the Spanish painter who joined Picasso and other members of the Parisian avant-garde in the great Cubist experiment. Ends Nov 29. Closed Mon
MADRID
Fundación Juan March David Hockney: 76 paintings, photographs and drawings. Ends Dec 13. Daily
MUNICH
Kunsthalle der Hypo-Kulturstiftung Expressionists: watercolours, drawings and prints by members of the Brücke. Ends Nov 1. Daily
Lenbachhaus Gabriele Münter, one of the foremost female artists in early 20th century Germany. Ends Nov 1. Closed Mon
Neue Pinakothek Townscapes from St Petersburg. Ends Nov 27. Closed Mon
NEW YORK
Museum of Modern Art Henri Matisse (1869-1954): the first full-scale retrospective since the 1970 centenary exhibition in Paris. It consists of 400 works, including 300 of the most important paintings and a generous selection of sculptures, drawings, paper cutouts and prints. Ends Jan 12. Closed Wed (call Ticketmaster 212-307 4545)
Metropolitan Museum of Art Ribera: a retrospective commemorating the 400th anniversary of the Spanish painter's birth. Ends Nov 29. Also Rene Magritte: 150 works by the Belgian surrealist. Ends Nov 22. Closed Mon
Guggenheim Museum The Great Utopia: the Russian and Soviet Avant-Garde 1915-32. Ends Dec 15. The SoHo site has the set of murals which Chagall painted for Moscow's Jewish Theatre in 1920. Ends Jan 17. The main museum is closed on Thurs, the SoHo site on Tues
IBM Gallery Christopher Columbus and the Spanish Exloration of the Indies: more than 70 objects from public and private collections in Spain, including documents, maps and scientific instruments. Ends Nov 7. Closed Sun and Mon
Whitney Museum of American Art Figurative Works from the Permanent Collection. Ends Nov 29. Also Homecoming: William H Johnson and Afro-America 1938-46. Ends Oct 25. Closed Mon
PARIS
Grand Palais The Etruscans and Europe: pottery, bronzes, wall paintings and jewellery illustrating the harmonious civilisation which formed a link between ancient Greece and Rome, and influenced art and craftsmanship in central and western Europe. Ends Dec 14. Closed Tues, late opening Wed (ave du General Eisenhower)
Grand Palais Biennale des Antiquaires: Pier Luigi Pizzi has *devised a theatrical mise en scene* for exhibits spread over 4500 square metres ranging from a terracotta chaman 1150-800 BC to a sensual *Venus in oil* on copper from around 1600 AD, from royal dining room chairs to precious art deco furniture. Ends Oct 4. Daily
Espace Electra The Meeting of Two Worlds through the Eyes of Haitian Painters. Ends Oct 17. Closed Mon (6 rue Recamier)
Centre Georges Pompidou Manifeste: 7,000 square metres given over to a multi-faceted exhibition covering the past 30 years of creativity in visual arts, video, cinema, architecture and design. Ends Nov 9. Closed Tues
WASHINGTON
Renwick Gallery American Crafts: 120 objects spanning the development of functional and sculptural craft traditions of the 20th century, including work in glass, clay, metal and wood by Ed Rossbach, Albert Paley, George Nakashima and other prominent artists. Also Paley's studies for the Renwick's portal gates. Ends Jan 10. Daily
National Gallery of Art Art of the American Indian Frontier: 150 objects produced by Woodland and Plains Indians in the 19th century. Ends Jan 24. Daily
Arthur M Sackler Gallery Ancient Japan: 250 objects from the early cultures of Japan. Ends Nov 1. Daily
ZURICH
Künsthaus Gustav Klimt (1862-1918): a major retrospective of the Austrian *Jugenstil designer and* decorator, with 50 paintings and 130 drawings. Ends Dec 13. Closed Mon
Graphische Sammlung der ETH Claude Gacon: drawings on packing paper, newspaper and other used paper in the manner pioneered by Joseph Beuys. Ends Nov 20. Closed Sat and Sun

FINANCIAL TIMES
Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700
Friday September 25 1992

Time to assess Mr Clinton

WHEN SOME 400 leading US businessmen, some of them big Republican contributors in the past, declare their support for the president's November opponent, Governor Bill Clinton, it is time to take the US opinion polls seriously. The election was always Mr Bush's to lose, and the evidence continues to suggest that he will duly lose it. If he does, America's partners will lose a long-familiar friend, whose prime interest – fatally, perhaps, for his re-election hopes – was foreign policy, and will have to come to terms with a successor who is, internationally, a virtual unknown.

This is hardly a novelty. The US system usually finds its leaders from domestic politics, rather than from the experienced cabinet hands who normally succeed to the leaderships of European political parties. Presidents Truman, Kennedy, Johnson, Ford, Carter and Reagan were each accused in their time of dangerous naivete in foreign affairs; they did not do notably worse than the experienced presidents, Nixon and Bush. The fact that Mr Clinton will find it easier than Mr Bush has done to shed the expensive trappings of the cold war may even prove an advantage, especially in restraining the US budget deficit.

However, the main problem of the present day is recession rather than ideology, so Mr Clinton's economic policies will be of far more interest to his partners than his foreign policy. Some of his speeches during the campaign have shown disturbing protectionist undertones, and his opponents have painted him as a covert liberal, whose promises of fiscal restraint are not to be believed. Only an extreme optimist would believe that the deficit reduction sums set out in his campaign platform add up.

Fortunately, there is a good deal of evidence that Mr Clinton is concealing conservative rather than liberal tendencies. His record in Arkansas is of a tight and sometimes tough administrator, prepared to confront extravagance and to do some of the things, such as imposing performance-related pay on public servants, which are still only agenda items for Britain's Conservative government. He has brought new enterprise, and some prosperity, to a previously depressed southern state.

His campaign proposals for a tough reform of the welfare system and for a cap on health spending are not those of a soft-hearted liberal. The rumour that he would try to recruit Mr Paul Volcker as Treasury secretary is still more suggestive. His demand for a line-item veto, giving him the power to block purely vote-buying spending proposals, steals a long-standing item from the Bush agenda. The difference is that Mr Clinton, working with a Congress of his own party, and with many new members free of long-standing political debts, might get it enacted.

This political change, coupled with Mr Clinton's freedom from personal political debts, is the strongest reason for believing that a Clinton administration would develop a new, activist style. He believes that government action, mainly through large investment in education and the infrastructure, can secure better growth. Those who believe that recession is the biggest world threat might welcome a Clinton victory. Those who believe, with the IMF, that US and German fiscal deficits are the biggest bar to recovery, will still have some reservations.

Public sector pay

AS TREASURY ministers struggle to contain UK public expenditure, hard decisions loom. Government funding for the building programmes of housing associations is threatened. The inner cities may lose money for urban regeneration to ease the introduction of the council tax. Important transport projects such as London's Crossrail will be postponed. Cutting these programmes – all of which generate employment – will do nothing to help end the recession.

Yet the cuts might be less painful if the government seized control over public sector pay. Running at more than £70bn this year, the public sector pay bill accounts for almost a third of general government expenditure. It has been rising at around 10 per cent annually in the last two years – almost double the rate of inflation at a time when there has been no economic growth. As today's New Earnings Survey shows, average pay in the public sector is now higher than in the private sector for the first time since 1986.

Public sector pay increases tend to lag behind awards in the private sector in times of boom and overtake them in recession. But the New Earnings Survey figures suggest that it is time for the catching-up to stop. If the government is serious about reining in public expenditure, its pay bill must be at the top of the list. Mr Howard Davies, the new director general of the Confederation of British Industry, has called for the public sector pay bill to be frozen. That seems eminently sensible.

Sadly, a bad start has already been made to the pay round with this month's settlement for the police. With the system of police remuneration under review, the government might reasonably have shelved this year's inflationary 6.5 per cent increase due under the Edmund Davies formula. Unfortunately it did not. The same mistake should not be made with firemen's pay, likely to rise by more than 6 per cent next year unless their pay formula is set aside.

Freezing the pay bill would be simple for the civil service and armed forces, where the government is the employer. However, a firm line is also needed on the pay of almost 1m people working in the health service and 2.3m in local government. The government should make it clear that funding for these services for the coming year will be on the basis of nil increase in the overall pay bill. If local authorities concede increases in the pay bill and pass the cost on to local taxpayers, the government must ensure that the blame is firmly pinned on their profligacy.

A freeze on the total pay bill does not rule out pay rises for some. Where efficiency gains are made – for example through contracting-out of services – the savings will be available to increase pay within the organisation. However, the emphasis should be on improving incentives for experience and good performance rather than across-the-board increases. Performance-related pay still plays an insignificant role in most of the public sector and has not yet penetrated some such as teaching. Fast progress should now be made on extending its coverage throughout the public services.

Hounded down

Mr David Mellor was hounded from office by the British tabloid press. He was right to refuse to resign for as long as he did, and he should not have been forced to go in the end. The private life of a politician should not determine his or her suitability as a minister; Mr Mellor's admitted adultery was an unfortunate incident which in other countries might not have been thought worthy of mention. A peculiarly British prurience led to it being magnified out of all proportion.

It might be argued that it was not his affair with an actress that brought his downfall. By accepting an expenses-paid holiday in Spain as the guest of the daughter of a senior figure within the PLO Mr Mellor showed a lack of judgment. True, although the prime minister has supported him in his denial that the visit breached the ministerial code of conduct. The same lack of judgment might be discerned in his business/holiday visit to Abu Dhabi, which would have looked better had Mr Mellor bought his own ticket.

These are not incidents of which the former secretary for the national heritage can be especially proud, but they would never have been carried on so many front pages had it not been for the interest aroused by the original adultery story. To say now that it was the foreign visits alone that brought Mr Mellor down is humbug.

There is a certain irony in all this. The task of deciding whether to introduce laws to protect the privacy of individuals will now fall to other ministers. Few of the likely candidates are as clearly opposed to a privacy bill as was Mr Mellor. Even if he favoured one he would, given his circumstances, have found it difficult to propose such a law. His departure, and the manner of it, will not weaken the determination of those who want to curb the press.

It is a curious fact about the British way of politics that a relatively unimportant minister can be forced to resign from office for his personal peccadilloes, while a chancellor may safely see his entire strategy collapse in ruins and lose his credibility with the markets. We may question his judgment on the management of the economy, but hound him out? Never.

Currency turmoil has raised the question of whether the Bank of England should be more independent, says John Plender

Threadneedle street credibility

Is the case for an independent central bank in Britain an idea whose time has finally come? Or is it just one more overblown nostrum of the kind that has contributed to the exceptionally erratic path of British monetary policy over the past two decades? Whatever the answer, the arguments for an independent central bank will run and run in the aftermath of the *débacle* over the exchange rate mechanism.

The issue of central banking independence has already been aired in the course of the debate on the Maastricht treaty, which contains a blueprint for an independent European central bank. The emphasis on independence undoubtedly stems from the success of the Bundesbank in achieving price stability in Germany within a context of high economic growth. Given the pivotal position of the Germans in the negotiations over monetary union it was inevitable that the Bundesbank should become the model for any European central bank. But the idea also derives wider support from the work of thinkers such as Friedrich Hayek and from the adherents of public choice theory.

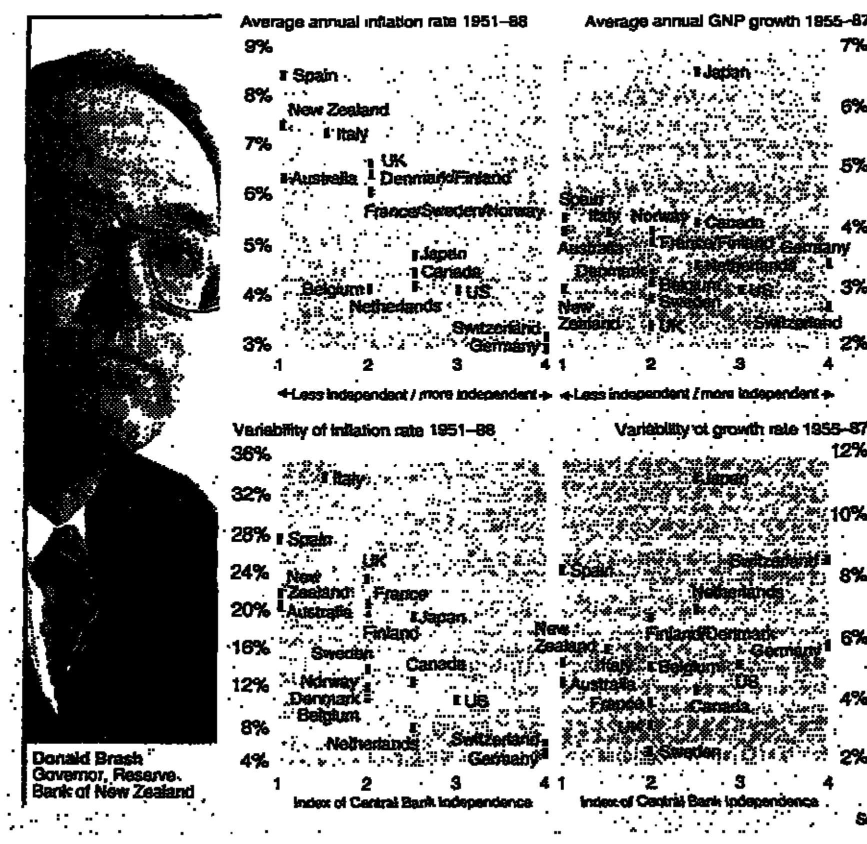
Current academic theories on central banking hold that since there is no trade-off in the medium and long term between growth and employment, on the one hand, and inflation on the other, the only sensible goal for a central bank is the exclusive pursuit of price stability. But as there remains a short-run trade-off, politicians who work within the constraints of an electoral timetable will always be tempted to engineer pre-electoral booms regardless of the longer run inflationary consequences. That, in essence, is the argument for protecting central bankers from political interference. It particularly appeals to the growing band of people who favour explicit constitutional limitations on government.

The idea has obvious relevance for countries such as Britain where inflation has proved highly resistant to orthodox treatment. A huge body of academic evidence suggests that more independence, however defined, is accompanied by lower inflation. But work by Alberto Alesina and Lawrence Summers* does not confirm that freedom from political interference delivers lower unemployment, a more stable economy or higher growth – this, despite frequent assertions that the anti-inflationary credibility which supposedly derives from independence encourages more rapid adjustment in labour markets.

Nor does the existence of a correlation between independence and low inflation mean that independence is a *sine qua non*. France has recently achieved a lower rate of inflation than Germany despite the Bank of France being more subservient to government than most. What was the key to this impressive disinflationary performance: the exercise of political will, or the institutional arrangements that the French borrowed from the Bundesbank via the ERM?

Japan's ability to control inflation over the past decade has compared more than favourably with that of Germany or the US, where the Federal Reserve enjoys a high degree of independence. Yet the Bank of Japan ranks low in the independence stakes because it is so closely tied to the apron strings of the Ministry of Finance (MoF). That said, it is the officials, not the politicians, who count at the MoF. And in a system where the governorship alternates between appointments by the Bank of Japan and the MoF, the bank tends to become more independent when one of its own men holds office – witness the single-mindedness with which Mr Yasushi Mieno has pursued anti-inflationary policies in the face of opposition from the MoF.

The value of independence



Source: Alesina & Summers (1990)

The low view of politicians implicit in the arguments for independent central banking assumes a degree of competence, as well as cynicism, on the part of ministers that is not always in evidence. The Barber boom in Britain in the early 1970s was followed by sterling crises and a succession of panic increases in minimum lending rate that severely damaged the prospects of Tory leader Mr Edward Heath at the polls in 1974. Nor is it easy to reconcile the economic policies of the Conservative government before the 1992 election with anything that remotely resembles ruthless political expediency.

Clearly the issue is more complicated than it appears at first sight. Statutory independence must strengthen the central banker's arm in resisting political pressure. But there are degrees of independence, as well as conflicting goals: even the German central bank, under the Bundesbank Law of 1957, is obliged to "support the general economic policy of the federal government", and was seen to do so at the time of German unification – much to the chagrin of the Bundesbank Council. And when it comes to any consideration of independence for the Bank of England, it is important to acknowledge that the best known examples of independent central banks such as those of Germany, the US and Switzerland, are products of a federal system. They are thus representative organisations, enjoying a legitimacy they could not enjoy in a unitary state.

In a country such as Germany, where the folk memory of the devastating inflations of 1923 and 1948 is strong, such a structure has obvious appeal. The British inflationary experience has been exceptionally mild by comparison. This is reflected in official statements. The governor of the Bank of England, Mr Robin Leigh-Pemberton, remarked, in the early stages of moves towards economic and monetary union (Emu): "I have to say that I believe the term 'independent' is misleading and obscures the key issues. No one could sensibly suggest that in liberal democracies any central monetary institution should be unaccountable."

Yet the Maastricht Treaty's subsequent blueprint for a European Central Banking System comes even closer than the Bundesbank to a version of central banking independence where the politicians are, so to speak, required to throw away the key. That highlights one of the problems the government would face in the course of any ratification process for Maastricht. It also suggests that a British move towards independence for the Bank of England, if it takes place outside the context of Emu, would have to incorporate an extended discussion of accountability and democracy.

The best available model for an independent central bank in a unitary state is that of New Zealand. There the government has signed a contract with the governor of the Reserve Bank, Mr Donald Brash, whereby the bank commits itself to a 0-2 per cent inflation target as measured by a specially adjusted version of the retail price index, which makes allowance for external pressures such as adverse shifts in the terms of trade. In other words, the goal is specific, performance can be measured and the existence of a contract provides for a transparent political override: the politicians can reset objectives in response to circumstances. Yet the government cannot override a contract without giving notice and an override has to be renewed after six months. The procedure is thus transparent.

There is also some link between achievement and reward, if not to the extent originally intended. According to Professor Charles Goodhart of the London School of Economics, who helped advise on the adoption of the Reserve Bank of New Zealand Act, it was originally proposed that the salaries of the governor and his top officials should be related to the inflation outturn. This idea was shelved because it was thought politically inflammatory to increase the governor's salary for taking deflationary measures that might throw people out of work. But a sanction remains: if the governor fails to deliver, reappointment is unlikely.

It is conceivable that something more akin to the New Zealand version of independence could be acceptable in Britain. But the existence of an override might be thought to dilute the anti-inflationary commitment. And as David Marsh has pointed out in his new book on the Bundesbank, referred to here on Wednesday, the German central bank only acquired credibility over a long period in which forceful bankers engaged in constant trench warfare with the likes of Konrad Adenauer and Helmut Schmidt as well as Helmut Kohl.

With the benchmark German bond standing at nearly 7¼ per – 4 percentage points more than German inflation and marginally higher than comparable US Treasury securities – the Bundesbank is clearly having to fight the credibility battle again and again. Would British politicians and central bankers be capable of such dogged persistence in pursuit of low inflation?

It is tempting to argue that any government that so cheerfully abandoned control over its monetary policy to the Germans could could hardly object to giving away control of the Bank of England to British central bankers. What has the Treasury got against the Bank of England that does not apply with greater force to the Bundesbank? But then the government only passed the buck to the foreign central bankers with an opt-out clause on Emu and, as we saw last week, the ERM always contained an opt-out clause anyway. Would such a government offer the Bank of England a version of independence worthy of the name?

As for the people who run the Bank of England, their undoubted resolve could no doubt be reinforced by different institutional arrangements. But whether they would ever be a match for the inheritors of the great Prussian civil service ethos who run the Bundesbank is an open question. In a clubby British culture that no longer attaches overwhelming priority to the protection of the currency, the risk might be similar to that in Ireland, where central bankers are sometimes alleged to be too close to the politicians, notwithstanding their central bank's high degree of formal independence.

To return to the academic statistics, there could be another explanation for the low correlation between independence and low inflation. To wit, those electorates which give their central banks independence may be precisely the ones that value price stability most. In which case, thinks Prof Goodhart, the act of granting independence to a central bank to pursue policies that the public does not want could lead to severe political problems.

Certainly it is striking how often the case for an independent central bank in Britain is put most vocally by politicians who have left office (Lord Tebbit, Lord Lawson) or who are unlikely to hold it in the foreseeable future (Mr Paddy Ashdown, Mr Alan Beith). That correlation is perhaps even more impressive than the ones provided by the academics: Over to you, Messrs Major and Lamont.

* *Harvard Institute of Economic Research Discussion Paper No 1496.*

Set fair for progress

Middle East peace talks have adjourned on an optimistic note but with no breakthrough, says Hugh Carnegy

If there is one person who encapsulates the state of the Middle East peace negotiations, which adjourned yesterday after a month of talks in Washington, it is Ms Bushra Kanafani, Syria's spokeswoman.

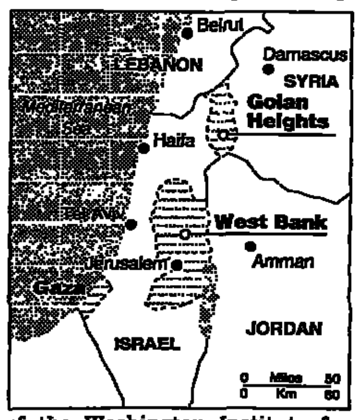
Ms Kanafani is canny, cautious and clipped as befits the secretive, ruthless regime she represents. But the severity of old sometimes gives way to a lighter tone, even to good-natured bantering with Israeli journalists. "You know we have a saying that before it rains it must become cloudy," she said this week. "But it is not cloudy yet, so I cannot expect rain tomorrow."

So it was that the first round of peace talks held since Mr Yitzhak Rabin came to power in Israel in July, pledging to accelerate the peace process, ended yesterday without any significant breakthrough.

But just as Mrs Kanafani's manner contains tantalising hints of a change of attitude, so there are grounds for believing that the talks may yet produce positive results. All sides have agreed to return to the table in late October. As Mrs Kanafani said: "Don't take it that we are pessimistic. Don't take it that the discussions so far have not been very useful."

This, in itself, is something of an achievement. Almost a year and six rounds of negotiations have now passed since the talks were launched at last October's Madrid peace conference. In that time negotiations have become the established way of doing business for the Arabs and Israel in a way that was previously unthinkable. Five strands of multilateral negotiations are proceeding on arms control, economic co-operation, water resources, environmental issues and refugees, involving dozens of Middle Eastern and other nations.

"The peace talks might fail," says Mr Robert Satloff, deputy director of the Washington Institute for Near East Policy, a Jewish-funded think tank. "But things can never go back to the way they were before. Arabs and Israelis meet regularly to discuss problems now."



While the four tracks of bilateral negotiations between Israel and, respectively, the Palestinians, Jordan, Lebanon and Syria, have failed to resolve their wide differences, they have been characterised by cordial and determined efforts to keep the process going.

Israel and the Palestinians have still not fully agreed the terms for negotiating an initial five-year period of Palestinian self-government in the occupied West Bank and Gaza Strip. Such an agreement would precede talks on a permanent territorial settlement. The Palestinians remain afraid that this two-stage approach will prejudice their goal of an independent state.

There are positive signs, however. Mr Rabin – in contrast with his predecessor Mr Yitzhak Shamir – has turned a blind eye to close consultations between the Palestinian delegation from the occupied territories and the Tunis-based Palestine Liberation Organisation.

Equally significant, in the past week the two delegations formed small, informal working groups to try to find ways forward which were not tape-recorded as all the main negotiating sessions have been.

In the Syrian-Israeli talks the issue revolves around the Golan Heights, occupied by Israel since 1967. Mr Rabin, despite opposition at home, has signalled a willingness to give back at least some of the heights if Syria commits itself to a full-fledged peace treaty. Syria puts the issue the other way around: It will not commit itself to full peace until it is assured of getting back all the Golan.

The intention to issue this week an initial joint document of principles that would be the basis for negotiations fell down on the Golan question.

Talks between Israel and Jordan and Israel and Lebanon are less difficult than those with the Palestinians and Syria. But here lies another complication: how to co-ordinate all four sets of negotiations so that they move roughly in step.

Privately, all sides agree that in the end, they are unlikely to be able to make real progress without the active intervention of the US, which has stayed mainly on the sidelines.

"At a certain point only the Americans can come up with a solution on the Golan that will be less than the Syrians demand right now and more than any Israeli government could afford to propose by itself," said a senior Israeli delegate.

Until recently there was an assumption that the talks would not resume until after the US presidential election in November. Now all sides have agreed to come back before then.

No great shift in US Middle East policy is anticipated should Mr Bill Clinton defeat President Bush. But it will be hard to make significant advances in the peace process until a new administration is established and able to give the talks its full attention.

Joe Rogaly

Here a squiggle, there a wobble

Yesterday's performance by the prime minister suggested not so much a U-turn as a U-squirm

Mr John Major's run of ill-fortune continues. He has lost a strategy, forfeited a vision, and now failed to protect a best friend in his cabinet. I will come to the minor matter of Mr David Mellor in a moment. Take the big stuff first. The prime minister has spoken. The government's intentions remain the same: they are as clear as mud. The cabinet's strategy for Europe and the economy looks like a toss-up between two propositions. Either we are in the midst of the mother of all U-turns, or what we heard yesterday will go down as the first squiggle in what is likely to be a prolonged period of wobble.

My vote is for the squiggle-wobble theory. Mr Major, whose current mood is described by close colleagues as "up and down", is, to his credit, sticking to the most important of all the positions he has espoused since arriving at Number 10 Downing Street. He still asserts that Britain must be a participant in the affairs of its continental neighbours. Opening the emergency debate yesterday he rejected the view, held by one or two of the more lunatic anti-European MPs, that it was a mistake to enter the European Community in the first place. He also derided the proposition, common among vintage Euro-enthusiasts, that sooner or later a centralised Europe is inevitable. "Just as the interests of France or Germany will always come first for them, so the interests of Britain will always come first for us," he said.

"The third school of thought about Europe is quite different," he went on. "It's that it is in the interests of Britain ... for us to be part of the development of our continent." This kind of statement, of which there are other examples, might, in happier times, serve to reassert his leadership. So would the promise, firm on first hearing but unfortunately wobbly on close examination, that once an unpredictable set of circumstances has come to pass, the bill to ratify the Maastricht treaty will once again be put before the house. "I do not believe it would be proper for a British prime minister to agree a treaty and then disown it," said Mr Major.

The difficulty with this stout affirmation lies in those unpredictable circumstances. Take, first, the exchange rate mechanism. Mr Major led Britain in two years ago, then suddenly led us out last week. Yesterday he made it clear that he will not advocate re-entry until the other participating countries have done such things, he knows not what, as enable the mechanism to work "to the benefit of all its members". These things needed "careful examination, careful consideration" before a decision to return to membership could be made. That is a squiggle if ever there was one. In July he set a single obstacle to ratification of the Maastricht treaty. There must first be a solution to the Danish veto. Now he has added a further obstacle, the incorporation into the treaty of a protocol on subsidiarity. A clear wobble.

House of contrasts: Smith, left, showed an easy command, while Major, right, has to shout above the hubbub

Thus the effect of a speech that contained passages worthy of the best in Mr Major was diluted by the surrender of such territory as the Conservative anti-Europeans are deemed to have captured for the duration. It did not sound like a U-turn, more like a U-squirm. The prime minister's performance was not enhanced by the opening remarks, which amounted to a list of excuses, made all the more piquant by references to "my formidable predecessor". It is hardly surprising that the Conservatives did not rise to their feet to cheer. Only a scattering of order papers was waved. The hostility of some of the Tory backbenchers was evident from both their questions and the insulting tone in which they were put; one questioner had to be reminded by Mr Major that he had fought the recent election on the Conservative manifesto.

Those who fear a U-turn on the strategy for the economy will find similar obfuscation in yesterday's debate. The prime minister told the Commons that his administration would still fight for low inflation, albeit outside the European exchange rate mechanism. He stood by Mr Norman Lamont, declaring: "I take full responsibility for the actions and policies of my chancellor." The trouble here is that no one has any reason to believe what Mr Lamont says any more.

Is Mr Mellor's head to lie on the scaffold that might have despatched Mr Lamont? We can only ask

My own view, from some knowledge of both of them, is that Mr Major and Mr Lamont sincerely intend to maintain the reduction of inflation as the lodestar by which economic policy is guided. They will not, however, be believed by the markets until their actions demonstrate the truth of their words. So far their one action, an interest rate cut, has been in the direction of fostering growth, not bearing down on inflation.

Now for Mr Mellor. Shortly after the prime minister sat down yesterday the news came through that the heritage secretary, known as the "minister for fun", had resigned. In the battle with the tabloids, the prime minister lost. He had made more than one statement of steadfast support for his close friend, who had been caught in an act of adultery, for which he should not have had to resign, and hounded over stories about his acceptance of hospitality, which would not have been pursued if there had been no adultery to oil the lubricious word processors of the popular papers.

The question now is whether this is a sufficient blood-sacrifice for a public that has wanted to see at least one member of the government topple in the light of all the disturbing news of the past 10 days. Is Mr Mellor's head to lie on the scaffold that might have despatched Mr Lamont? We can only ask the question. The proposition that Mr Lamont will not be next rests more on his own purposeful build-up of a power base within the party than on Mr Major's stated determination to protect the colleague who helped him become leader of the party.

That is not the end of the tale of prime ministerial woe. The new leader of the Labour party has emerged from his Trappist period and shown that when he has a man in his open sights in a clear field he has no hesitation in mowing him down. This Mr John Smith did mercilessly yesterday, with an easy command of the house that Mr Major can only dream of. They listen even when Mr Smith speaks in a low voice for dramatic effect; Mr Major has to shout above the hubbub. The Labour leader, who has positioned himself solidly on Mr Major's pre-devaluation European strategy, contented himself with displaying his forensic skills and his talent for knockabout comedy. It lacked substance, but was strong on entertainment value.

Mr Major and Mr Lamont may content themselves with the observation that in their last contest with Mr Smith, in April, it was they who won. They (or at least Mr Major) can look forward to four more years of office before taking him on again. A simple U-turn would ensure that they coast to victory next time. All Mr Lamont has to do is betray his own deep instincts and stoke up a Lamont boom to stand in history alongside the Barber and Lawson booms. He will not mean to, but the temptation must be strong. The likely result: wobble.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Subsidiarity not a recent concept

From Mr Stanley Crossick.

Sir, Britain's chancellor, Norman Lamont, referring to subsidiarity on the BBC's Today programme on September 21, said "... that very British idea that no one was interested in at first".

The clarity of his assertion suggests that the chancellor may believe in its accuracy.

May I respectfully remind him that subsidiarity has been on the periphery of discussions on European integration for nearly 20 years. The Tindemann report of 1976 addressed the subject (which was raised by the Commission). In 1984 the European parliament's draft treaty on European union explicitly included the principle of subsidiarity in its preamble and several articles.

Article 130(r)(4) of the 1986 Single European Act expressly applied the principle without the term subsidiarity as such.

Subsidiarity was raised as early as 1988 by Jacques Delors and has been debated ever since. It was not the UK which introduced the provision into the Maastricht treaty.

Stanley Crossick,
chairman,
Belmont European Policy Centre,
Brussels

Misleading retail sales behind inaccurate Treasury forecasts

From Mr Paul Livesey.

Sir, Prof Wynne Godley rightly draws attention to the inaccuracy of the Treasury forecasts (Letters, September 21). Could not a significant factor be the misleading retail sales figures during the period in question? Some retailers believe that the non-food retail sales figures have been as much as 6 per cent greater than actual sales during the March 1990 to November 1991 period shown in the graph.

Since the summer of 1989, when retail sales started to show a decline, retailers have regularly drawn ministers' attention to the inaccuracy of the published retail sales. In addition, major multiples, including House of Fraser, have been sending to the Treasury their own sales figures via Price Waterhouse which have shown a significant difference from Central Statistical Office figures. This information seems to have been ignored.

The British Retail Consortium is now providing more comprehensive statistics to the CSO, whose own sample has been doubled in size. I trust that these activities will go some way to improving future forecasts.

Paul Livesey,
House of Fraser,
1 Howick Place,
London SW1P 1BH

Squaring up to reality

From Mr Ian Harrison.

Sir, Samuel Brittan argues that a one-vote majority is enough to confirm French ratification of the Maastricht treaty ("Waiting for the 'D' word", September 21). Yet he goes on to suggest that the Danes have to be "squared".

Several thousand more Danes said No than said Yes and the treaty has to be ratified by all 12 nations or it does not go ahead. Surely it is the politicians who have to "square" up to the reality that No means No in a democracy.

Ian Harrison,
Chipstead Street,
London SW6

New orthodoxy on devaluation

From Mr Harvey Cole.

Sir, A new orthodoxy seems to be developing. This suggests that, because of the slack in the world economy, competitive pressures will stop us having to pay the normal inflationary consequences of devaluation.

Only time will show whether this is true. However, if it is, then presumably we will also fail to reap the export benefits that would otherwise be associated with a lower value of the pound.

Harvey Cole,
9 Clifton Road,
Winchester,
Hants SO22 5BP

Promises promises

From Mr Ian Duncalf.

Sir, I realise that headlines are meant to be terse and to the point, but a little punctuation would occasionally help.

On the front page of your international edition (September 23) I wondered whether "Maastricht lives on promises Kohl" was intended as "Maastricht lives on, promises Kohl" or "Maastricht lives on promises: Kohl". However, a few more minutes' thought persuaded me that in this case it probably didn't matter...

Ian Duncalf,
Up de Schanz 70,
2000 Hamburg 52,
Germany

Cost of expansionary fiscal policy in Japan of key significance

From Mr Masaki Omura.

Sir, I would like to comment on the recent editorials (August 19 and September 1) regarding the Japanese fiscal authority's inaction over the current economic problem. Because these attributed the delay of measures solely to the authority's misjudgment of the economy, I think the most important factor in the argument was missing. This is the cost of expansionary fiscal policy, which the authority always calculates much higher than others do because of its belief that the budget deficit cannot be reduced at an economically desirable pace. The higher the cost, the more the economic situation needs to be recognised as serious to adopt a drastic expansionary policy.

I wonder how many economists and journalists, not to mention politicians, who strongly advocated Japanese fiscal expansion on this occasion will show the same enthusiasm about reduction of the budget deficit if the fiscal authority has difficulty with it at a later stage. If the fiscal authority thought it would have as much support for cutting the budget deficit as for expanding it, its judgment would come closer to one based on purely economic factors.

Although the articles cited the general government budget surplus of Japan as evidence of room for flexibility, the central government budget shows one of the worst situations among G5 countries, with debt-related service exceeding 20 per cent of the total expense. The difference between the deficit of the central government budget and the general government surplus is mainly attributable to the surplus of the social pension fund. However, this is the source of future payments to pensioners and is mainly used through the Fiscal Investment Loan Programme, which also plays an important role in economic policy. Owing to the rapid ageing of Japanese society, future payments from the pension fund are expected to increase dramatically. Under such circumstances, if the government used up this surplus in expenditure not loans, as your articles suggest, it would soon face severe difficulties.

Certainly, the authority should make optimum effort to achieve accurate economic assessment. But the others, or at least the economists and the journalists, also need to pay more attention to the political reality of the budget cut process. Until we reach this situation we may have to live with the ironical balance between neglect of the economic reality and of the political one. Naturally the result will have to come with some delay, owing to the present distance from reality. However, this may be the second best solution at the moment.

Masaki Omura,
chief representative,
London Office,
Japan Centre for International Finance,
Bracken House, 1 Friday Street,
London EC4M 9JA

OBSERVER

Waiting in the wings

■ Who put Arkansas on the map – George Bush or the state's governor, Democrat presidential candidate Bill Clinton?

Oddly enough, Bush aroused the biggest publicity boost for the state this year by mislocating it: "somewhere between Oklahoma and Texas," he said, which applies only to one minuscule corner north-west of Texarkana.

But while Clinton has carried on the good work, the man who is most keen for the international limelight to fall on the state is Jim Guy Tucker.

True, Clinton is technically governor, and every now and then breaks from the campaign trail to go back home to Little Rock and "attend to state business". In reality, however, Arkansas is run by Tucker and and he looks to be enjoying it.

A lawyer and two-time state attorney general, with a term in Congress under his belt from 1976-78, he is three years older than Clinton, looks a little like him, but is trimmer. He was elected lieutenant governor in 1990, appointed acting governor last year, and if the Democrat wins the White House, is in line to take over the state in his own right.

One option would be to serve out Clinton's unexpired term until 1994. But he'd prefer, provided his checks confirm that state law allows it, to call a special election within 60 days. "If I can't win at this point, God let me know now."

He slyly points out that the US president's ignorance of the state's whereabouts certainly isn't shared by the 109 international companies with investment there.

Moreover, if the recent British corporate experience is anything to go by, the last place jobs are going to be cut is Arkansas. Within the past week, both BICC and BAe have been wielding the axe – but not, significantly, in the land of the razorbacks where both have interests.

Could these decisions, not to mention Hanson's five separate operations in the state, reflect some British political preference?

Pork scratchings

■ The strange reappearance of the name Ross Perot in connection with the presidential election race has set American calculators clicking.

When earlier this year he stepped out of the limelight there was speculation that he was unwilling to fund the scale of the task. If he's now back – in some form – has he found the necessary?

The necessary, in this case, is pretty huge.

Back in July, Horizon Media calculated that a third-party candidate would need to spend \$4.49 a vote, or \$153m, to stand a chance of winning 34 per cent of the 100m Americans expected to vote in November, the minimum percentage required to win a three-way race.

That's a big pork barrel by anyone's standards.

For the record

■ If there is one obvious lesson to be drawn from the Blue Arrow fiasco, it's not to leave your Filofax lying around, and especially not on the boardroom table.

The career of Mitchell Fromstein, the US boss of Blue Arrow's most important Manpower business, ended temporarily after his missing Filofax fell into the hands of Blue Arrow chairman Tony Berry. It triggered Fromstein's dismissal.

"This is my husband – he's a currency speculator"

According to yesterday's DTI report into Blue Arrow, Berry was "extremely shocked" and "numb" after he had read the plans that Fromstein had in mind.

Leaving aside the question of the propriety of reading someone else's Filofax, Observer is much more puzzled by what someone as un-yuppie-like as 64-year-old Fromstein was doing with a bulging Filofax in the first place.

Nouveau which?

■ Naturally, if you happen to head a polytechnic apotheosising itself into a university, the critical issue is which title to award yourself.

After all, while "director" might have befitted a poly, it's far too plain a style for the newly grand. "We had to have a vice-chancellor to show we were doing the whole thing seriously," says a "deputy vice-chancellor" at the University of Greenwich (alias Thames Polytechnic).

In the event, most of Britain's former polys have likewise adorned themselves with V-Cs although a few have plumped for Euro-appeal with rectors. But neither such style is good enough for Chris Price, the former Labour MP who runs what is now Leeds Metropolitan University.

"Americans only understand presidents," he contends. So he is about to become one.

Touching base

■ Sad to see that Uli Schmidt, one of South Africa's few world class rugby players, has pulled out of his team's forthcoming two-month tour of France and England.

Pressure of work – he's a surgeon – is partly to blame. But so is the ANC's increasing interference in the game. "As a player, if you are denied the symbols of your country, the flag, and the anthem, you are denied your identity," says Schmidt.

But isn't that what white South Africans have been doing to their black countrymen for years?

Show-down

■ Unlike most of the white-collar breed who get the sack these days, David Mellor at least has another job to go to – in pantomime. Screaming Lord Sutch yesterday publicly offered him £2,000 a week to play the "Raving Loony Captain" opposite Eartha Kitt in Robinson Crusoe, due to tour nationally later this year.

Odds on

■ Running true to form? The "Town Council Novices' Steeplechase" at Market Rasen in Lincolnshire was won by Corrupt Committee, ridden by A Tory.

FINANCIAL TIMES
Friday September 25 1992

Canal fulfils European dream

The North Sea and the Black Sea are at long last to be linked

By David Waller in Frankfurt and Ian Rodger in Vienna

AN AGE-OLD European dream becomes reality today, with the opening of a canal linking the Rhine and Main rivers in the north of Europe to the Danube in the south – thus connecting the North Sea and the Black Sea for the first time.

This was a dream of Charlemagne 1,200 years ago, and of successive Holy Roman emperors since then. With an appropriate sense of occasion, the opening will be celebrated in grand style – but not without a note of discord.

As some 2,000 or so honorary guests assemble this morning in the Nuremberg Meistersinger hall for a musical celebration, the Bavarian Green party is hoping to field a demonstration of several hundred opponents on the square outside.

And as the guests float down the canal later in the day in a flotilla of boats to celebrate the formal opening in the presence of German president Richard von Weizsäcker and Mr Günter Krause, the transport minister, the aggrieved Greens will be following a similar route in minibuses, with the view of staging a second demonstration later in the day.

Fans of the project say that the 171km stretch of canal from Bamberg to Kelheim will do more than provide an impetus to Bavaria's economy. They talk in grandiloquent terms about a waterway, twice as long as the Panama canal and longer than Suez, which will bring east and west closer together.

It has taken more than 30 years to build, at a cost of over DM6bn ($4bn). Building work was halted during Mr Helmut Schmidt's time as chancellor, on the basis that the project was woefully uneconomic, and revived again only after Mr Helmut Kohl came to power in 1982.

"A monument to godlessness", is how one Bavarian pastor described the project this week. Another critic, Mr Christian Magerl, the Greens' environment spokesman in the Bavarian parliament, says the canal is a "pure prestige object".

He objects to the canal because it runs through what used to be unspoilt countryside and will alter the water table, to the detriment of Bavaria's flora and fauna.

He also believes the canal is economic nonsense. "It will compete with the train system and not the autobahns, which is stupid," he says. "And the canal operators' expectations of 10m tonnes of cargo every year are hopelessly ambitious."

Mr Magerl believes cargo will amount to no more than 3m tonnes a year – a level at which the project would not even cover its running costs, he says.

The new waterway is by no means as simple to navigate as, say, the Rhine. There are no fewer than 59 locks on the Main and in the canal, slowing traffic considerably. The Danube also flows faster than the Rhine. A voyage from Linz to Rotterdam will probably take 10 or 11 days compared with a guaranteed 42 hours by rail.

There are stretches of the Danube where the water is occasionally too shallow for navigation. This rules out the establishment of regular liner services and the use of the waterway for just-in-time deliveries.

Clearances beneath some bridges on the Danube are so low that containers can only be piled two-high. Rhine operators feel they need to load containers four-high to be profitable. Similarly, long strings of barges can be put together on the Rhine, but not on the twisting Main or through the new canal locks.

If these obstacles ensure that the amount of traffic going all the way from Rotterdam to Romania will be limited, the canal seems certain to boost Austro-German trade. The Austrians estimate that nearly half of traffic on the canal will be related to their country – either raw materials coming from Rotterdam to the big steel and chemical plants at Linz or industrial components and semi-finished products moving up to German factories from Austria for final assembly.

Austrian officials expect the build-up of traffic on the waterway to be gradual and to depend on a number of factors, such as reliability the reaction of the railways to new competition.

Hungary also hopes the canal will boost trade with Germany, already the country's largest trading partner. The transport ministry estimates that traffic in Hungarian goods on the Danube, currently about 1.5m-2m tonnes, will rise up to threefold.

Hungary is pressing ahead with port renovation and an entirely new facility at Gyor in the west of the country. Meanwhile at Constanţa, the ancient Black Sea port where the poet Ovid spent his last days in miserable exile, the cranes stand idle. Hopes are high in Romania that the opening of the canal will revive the port, which handled only 28m tonnes of cargo last year, less than half 1989 levels, and strengthen the country's ties with the west.

Although Nicolae Ceauşescu, the country's former dictator, spent more than $5bn in the hope of making Constanţa the world's third largest port, and personally oversaw the building of a 65km canal to link it to the Danube, the port still needs investment of some $200m to be completed.

Worse, trade has fallen victim to the conflict in the former Yugoslavia, with the United Nations embargo on trade with Serbia likely to cost Romania $3bn this year alone.

Additional reporting by Virginia Marsh in Bucharest and Nicholas Denton in Budapest

THE LEX COLUMN

The relegation zone

Sterling's fall of nearly three pfennigs yesterday was a taste of what life in the slow lane can be like. We do not yet know whether the Bundesbank and the Bank of France have finally triumphed in their battle with the currency speculators. It may be that the latter will have another go, but the Bank of France will doubtless ensure that the cost of being short of francs is prohibitive over the weekend. And the central banks certainly seemed to be on a winning streak yesterday. That not only lessens the chance of a cut in German interest rates; if the attack on the franc is repelled, France and Germany may want quickly to cement their victory by establishing a hard currency zone within Europe.

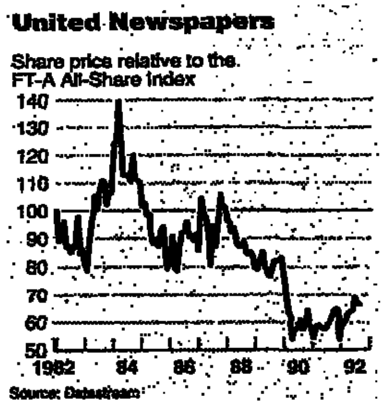
Encouraged by Mr Major's apparent distaste for a speedy return to the ERM, the UK equity market jumped to the conclusion that sterling's position outside such an arrangement left more room for rate cuts. The trend in the currency market suggests otherwise, at least in the medium term. Sterling will be more vulnerable to speculative swings. Monetary policy will have to be rigorous if foreigners are to be convinced to buy gilts. The UK joined the ERM in 1990 partly with the immediate aim of cutting short term interest rates. It is easy to forget that that was preceded by a period in which the government was running a surplus and had no need to fund itself in the bond market.

Vickers

Hard on the heels of British Aerospace, Vickers has demonstrated how easily defence profits can glide silently into the black hole of diversification. And as with BAe, Vickers must struggle to persuade the market that its problems are under control. Despite the robust way in which Vickers has cut costs at Rolls-Royce Motors, sales have fallen faster than overheads, generating a string of trading losses on top of rationalisation charges. Vickers' gearing is rising rapidly and will reach 50 per cent by the year end. It is merger or closure for BAe's regional jets. Distressingly, Rolls cars may go the same way.

The problems at Rolls go well beyond the downturn in the luxury car market, though that is bad enough. Rolls needs heavy investment if it is to match the technology being developed by Mercedes and the Japanese. Vickers simply cannot inject cash on the scale required. Providing capital to update existing models can only be a holding exercise. Besides, there is an image problem for a car designed to appeal to a disappearing sense of British status.

FT-SE Index: 2621.2 (+40.7)



It is understandable that much management time is being spent getting the Rolls fire under control. But, disappointingly given the failure to reach an accommodation with BMW, firefighting begins to look like the only strategy on offer. There are some profitable operations in Vickers. Without Rolls the company could make profits of £40m a year. Even the tank business may generate export orders, though the market will be tough. Yet a clutch of businesses, however profitable, do not add up to a company with strategic purpose. Sir Colin Chandler, the new chief executive has yet to show he can provide some.

United Newspapers

When United Newspapers produces a 20 per cent increase in interim profits, the market has to ask itself whether it has been too niggardly in putting the company on a multiple below its peers. The answer could be a cautious yes. True, the first half interest charge benefited from lower US rates, over which the company has no control. Newsprint costs may also not remain so favourable. The sterling price of paper will have to reflect the stronger dollar despite the glut. The company is conspicuously silent about the fortunes of the Daily Star, but the remarkable turnround at the Sunday Express has helped produce a sharp increase in display advertisement revenues, and costs throughout the group have been held in rigorous check.

This forms a good springboard from which to reap the benefits of economic recovery, especially for a company that derives over half its revenues from advertising. There are two caveats, though. First, the bunching of capital spending in the second half of this year makes a further reduction in gearing unlikely. It will only be from next year onwards, when spending returns to more normal levels, that debt will start to drop significantly. Second, last year's dividend cover was only 1.3. The chances are that the payout will grow more slowly than earnings in a recovery.

Wm Morrison

It is surely something to ponder at Westminster that the market capitalisation of a regional UK supermarket company is now twice the size of one of Britain's leading exporters. Comparisons between Wm Morrison and British Aerospace, however, are only of limited curiosity value in the City. The relevant peer group for investors includes the likes of Tesco and Sainsbury, which in share price terms the West Yorkshire-based group has outperformed by 112 per cent and 35 per cent respectively since the start of 1991.

At the current rate of progress it will be only a matter of time before Morrison becomes the fifth food retailer in the Footsie (assuming, that is, it does not replace a struggling competitor). The shares are on an ostensibly dizzy earnings multiple – equivalent to the mighty Sainsbury and 20 per cent higher than the market – but fans insist this is down to highly conservative accounting policies. Yesterday's announcement of a 34 per cent increase in interim profits came despite a 43 per cent jump in the depreciation charge. As the modest decrease in operating margins illustrates, though, even Morrison cannot buck the consumer's tendency to trade down; staff costs in the period, moreover, rose faster than turnover.

That said, there is nothing in yesterday's figures to suggest that management is loosening its grip or that the company's low price/good service formula is losing its appeal. There may be reason to worry about the whole sector's expansionism, but Morrison's secret is that it requires just 7 or 8 store openings a year to keep up the pace against the 25 to 30 needed to keep the momentum going at its bigger rivals. The ability to finance them largely out of cash flow is just an additional trick.

Sliding pound saves Walker from bankruptcy

By Peggy Hollinger in London

THE falling pound has saved Mr George Walker from bankruptcy.

The former chairman of the UK leisure group Brent Walker yesterday narrowly won the approval of his creditors for an alternative plan to repay a small amount of the £180m ($308m) he owes.

His escape was achieved thanks to UK insolvency procedures which, in effect, allow creditors one vote for each pound they are owed.

Mr Walker won because some of his debts were in foreign currency, which translated into more pounds after sterling's recent devaluation.

At a meeting in London yesterday, creditors representing £136m of the £180m total debt – just over the 75 per cent required – voted in favour of his alternative to the bankruptcy petition filed by TSB Bank. The vote had been postponed two weeks ago.

Some £30m of the vote in favour was held in foreign currency by offshore trusts associated with Mr Walker and his family. The sterling value of the debt held by these trusts has increased by roughly £4m since the pound began its slide.

Creditors who voted against his voluntary arrangement have one month to appeal. Some appeared to be unhappy yesterday that claims by trusts associated with the Walker family and representing a total of £43.8m had been allowed to vote.

Mr Walker said yesterday he was "highly delighted" with the outcome. "It is an unbelievable majority saying we don't want this man to go bankrupt."

Under the arrangement, Mr Walker has agreed to give creditors half his after-tax income for the next three years, his 1.5m shares in Brent Walker, his stakes in two private companies, two properties and a one-sixth share of an apartment in Switzerland.

Ford and Rolls-Royce cut 2,500 car jobs in Britain

By Kevin Done, John Griffiths and Cathy Milton in London

BRITISH carmakers added to the government's economic woes yesterday with the announcement of 2,500 redundancies.

Ford, the leading UK vehicle maker, announced plans to cut 1,487 hourly paid jobs at its British car assembly and engine plants and forecast that its European operations would make a loss for the year, after struggling back into profit in the first half of 1992.

Rolls-Royce Motor Cars, the heavily lossmaking luxury car subsidiary of Vickers, the engineering group, is cutting 950 jobs, or nearly a third of the workforce, at its plant at Crewe, Cheshire.

The latest round of redundancies at Rolls-Royce, which should be completed during December, will have reduced its UK workforce by 57 per cent, from 4,850 at the end of 1990 to 2,100.

The Society of Motor Manufacturers and Traders said yesterday that 70,000 jobs had been lost in the British motor industry, including vehicle makers, dealers and component suppliers, by spring of this year since the start of the recession.

Yesterday's job cuts "show that our worst fears have been realised", Mr Geoffrey Pelling, SMMT general manager said last night.

British car industry .....Page 7
Vickers cuts interim dividend ....Page 17

The latest job cuts come as Honda and Toyota, the Japanese carmakers, are poised to open their first European car assembly plants, both located in the UK, and as Nissan is doubling its UK car production capacity to 300,000 a year.

Ford warned that it was planning further action to reduce production and cut jobs throughout its European operations in the face of weakening demand, not only in the UK but also in Spain, France and Italy.

The company is reducing daily production volumes at its Dagenham and Halewood car assembly plants by 17 and 23 per cent respectively in addition to measures for three and four-day working weeks already announced to run to the end of October.

The Ford cuts are in addition to a reduction of 2,100 in its UK workforce announced in February.

Ford's UK workforce had fallen from a peak of 80,000 in early 1980 to 39,500 by late last year. It is expected to have been cut to less than 34,900 by the end of the year.

The job cuts at Ford and Rolls-Royce Motor Cars follow other big reductions announced recently by Jaguar, Aston Martin and Group Lotus and the loss of more than 500 jobs at AWD, the UK truckmaker which went into receivership in the summer.

Bank of Japan ready to slow yen's rise against dollar

By Charles Leadbeater and Emiko Terazono in Tokyo

THE Bank of Japan is poised to intervene to slow the yen's rise against the dollar, which fell yesterday in Tokyo by Y2.42 to a post-war low of Y120.25.

Tokyo traders expect the yen to strengthen further in the next few days as Japanese investors repatriate funds as they search for refuge from the turmoil in European currency markets.

Mr Yasushi Mieno, governor of the central bank, said it was ready to take steps to stabilise exchange rates, after the dollar had dipped to Y119.83.

Mr Kiichi Miyazawa, the prime minister, said there were no plans to prevent the yen's rise.

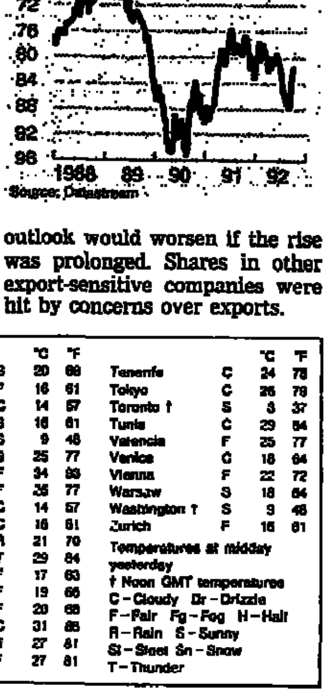
The yen's strength will fuel speculation that the Bank of Japan will be forced to consider further cuts in its official discount rate, which was lowered by ½ a point to 3.25 per cent in July. On the stock market, the Nikkei average closed 348.8 higher at 18,631 on hopes of lower interest rates.

Japan weighs good and bad of rising yen ....Page 3

A sustained rise in the yen could hit exports, one of the main sources of growth in Japan's flagging economy.

Mr Sochiro Toyoda, president of Toyota, said the yen's appreciation would make the business environment more unstable and hinder economic recovery.

Sony, the consumer electronics company, said that although the rise seemed to be temporary the outlook would worsen if the rise was prolonged. Shares in other export-sensitive companies were hit by concerns over exports.



World Weather

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
				Boulogne	C	16	61	Frankfurt	S	18	64	Majorca	S	27	81	Oporto	S	20	68	Tenerife	C	24	75
				Brussels	S	16	61	Geneva	S	18	64	Malaga	S	25	77	Oslo	F	16	61	Tokyo	C	26	79
				Budapest	F	20	68	Gibraltar	S	23	73	Malta	S	28	82	Paris	C	14	57	Toronto †	S	3	37
Ajaccio	F	24	75	Buenos Aires	F	21	70	Glasgow	R	11	52	Manila	F	32	90	Prague	S	16	61	Tunis	C	29	84
Algiers	S	27	81	Cairo	S	30	86	Helsinki	S	15	59	Melbourne	F	12	54	Reykjavik	S	9	48	Valencia	F	25	77
Amsterdam	F	16	61	Cape Town	F	17	63	Hong Kong	S	33	91	Mexico City		–	–	Rhodes	S	25	77	Venice	C	18	64
Athens	C	23	73	Caracas	C	27	81	Innsbruck	F	17	63	Miami †	S	27	81	Rio de Janeiro	F	34	93	Vienna	F	22	72
Bahrain	S	37	99	Casablanca †	S	23	73	Inverness	S	12	54	Milan	F	22	72	Rome	F	25	77	Warsaw	S	18	64
Bangkok	C	32	90	Chicago †	S	8	46	Islamabad	F	32	90	Montreal †	S	3	37	Salzburg	C	14	57	Washington †	S	9	48
Barcelona	S	24	75	Cologne	F	18	64	Istanbul	C	18	64	Moscow	S	10	50	S'Francisco †	C	16	61	Zurich	F	16	61
Beijing	S	25	77	Copenhagen	S	19	66	Jakarta	R	32	90	Munich	C	14	57	Seoul	R	21	70				
Beirut	F	27	81	Corfu	F	26	79	Johannesburg	S	20	68	Nairobi	F	25	77	Singapore	T	29	84				
Belfast	R	9	48	Dallas †	S	13	55	Lisbon	S	24	75	Naples	F	19	66	Stockholm	F	17	63				
Belgrade	S	24	75	Dublin	C	11	52	London	C	16	61	Nassau	R	32	90	Strasbourg	F	19	66				
Berlin	F	17	63	Dubrovnik		–	–	Los Angeles †	S	19	66	New Delhi	S	32	90	Sydney	F	20	68				
Biarritz	S	22	72	Edinburgh	R	11	52	Luxembourg	F	15	59	New York †	S	9	48	Taipei	C	31	88				
Bombay	S	33	91	Faro	S	25	77	Madeira	F	21	70	Nice	S	22	72	Tangier	S	27	81				
Bordeaux	S	20	68	Florence	C	23	73	Madrid	S	23	73	Nicosia	S	26	79	Tel Aviv	F	27	81				

Temperatures at midday yesterday
† Noon GMT temperatures
C – Cloudy Dr – Drizzle
F – Fair Fg – Fog H – Hail
R – Rain S – Sunny
Sl – Sleet Sn – Snow
T – Thunder

FINANCIAL TIMES
COMPANIES & MARKETS

Friday September 25 1992

INSIDE

Richemont structure benefits investors

A sophisticated investor coming across an industrial group controlled by South Africans, with headquarters in Switzerland, dividends paid from Luxembourg and accounts presented in sterling, might run the other way. But in the case of *Richemont*, the structure has a clear rationale and has been advantageous to all shareholders. **Page 20**

Big ambition at DG Bank

Bernd Thiemann has a modest objective for Deutsche Genossenschaftsbank, the Frankfurt-based bank which he joined as chief executive last summer – he wants it to be a respected member of the German banking community. But the task is difficult, for DG Bank has been a by-word for over-expansion and financial imprudence. **Page 18**

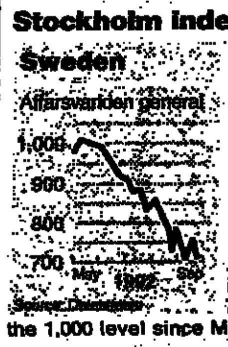
Poor farmers swamped by grain

US President George Bush is to dump 29m tonnes of subsidised wheat on world markets in the coming year. US officials say this is "a crucial tool" in forcing the European Community to the bargaining table in the Uruguay Round of talks on world trade liberalisation. Cynics say the planned sale has more to do with winning votes in the US elections. **Page 38**

Brierley ahead 18%

Brierley Investments, the New Zealand investment holding company, yesterday reported an 18.6 per cent increase in net profit to NZ$251.1m (US$135m) for the year to June 30. **Page 19**

Stockholm index eases



The Stockholm bourse scored a 16.8 per cent rise in the banks and finance index yesterday, encouraged by a government pledge to build a safety net under the country's shaky financial system. However, other shares fell and the Affärsvärlden general index eased 0.30 to 708.90. It has fallen from the 1,000 level since May. **Back Page**

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)				Intertech	605	+	20
Falls				*UFB Locabail*	242.8	+	16.7
BMW	485	–	29	**Falls**			
Continental	225	–	11	Cogifi	302.1	–	23.4
DLW	424.5	–	10.5	Credit Lyonn	465	–	19.5
Daimler	597.7	–	30.3	Gaumont	427	–	21
Mercedes	440.5	–	24.5	**TOKYO (Yen)**			
Volkswagen	295	–	11.5	**Rises**			
NEW YORK ($)				Hoko Fishing	380	+	39
Rises				Inabata	990	+	100
Athena	$6\frac{1}{8}$	+	$\frac{7}{8}$	Japan Casting	299	+	30
Browning Ferris	$24\frac{3}{4}$	+	$\frac{5}{8}$	Japan Paper	450	+	64
Chrysler	$22\frac{3}{4}$	+	$\frac{7}{8}$	Mitsui Min	523	+	60
Gen Motors	$32\frac{3}{8}$	+	$\frac{3}{8}$	**Falls**			
Unisys	$9\frac{1}{8}$	+	$\frac{1}{2}$	Crown	825	–	170
Falls							
Ford	$40\frac{1}{8}$	–	$\frac{5}{8}$				
PARIS (FFr)							
Rises							
Eurobanque	580	+	20				

New York prices at 12.30pm.

LONDON (Pence)				Utd News	425	+	16
Rises				Vickers	84	+	5
Border TV	112	+	14	**Falls**			
Brit Aerospace	126	+	13	Appleyard	56	–	14
Brit Land	156	+	15	Glaxo	779	–	18
Chesterfield	183	+	28	Hampden	54	–	4
Headlam	78	+	6	Hay (Norman)	17	–	3
NFC	268	+	11	Hopkinsons	32	–	7
NSM	38	+	5	Proudfoot (A)	87	–	18
NatWest Bank	373	+	20	Telemetrix	49	–	$4\frac{1}{2}$
Pearson	398	+	29	Whitecroft	27	–	10
Reuters	1248	+	30	Yule Catto	232	–	13
Ricardo Intl	68	+	4				
Royal Insce	184	+	13				
Spring Ram	143	+	10				

Italian carmaker makes heavy investments at a time of falling demand

Fiat falls to L655bn in first half

By Haig Simonian in Milan

FIAT, Italy's biggest private-sector company, yesterday reported a further steep setback in profits with a fall to L655bn ($520m) pre-tax in the first half of this year from L1,455bn in the same period of 1991.

The decline, on a 2.2 per cent acquisition-driven sales rise to L30,142bn, reflects the group's continuing dilemma of heavy investment and research spending at a time of falling demand and shrinking profit margins.

The weak earnings performance came in spite of the L860bn extraordinary gain from the sale of Fiat's remaining stake in Alcatel Italia.

Excluding the one-off gain, the group's ratio of pre-tax earnings to sales fell to 2.2 per cent from 4.9 per cent at the interim stage last year and 3 per cent for 1991 as a whole.

There has been a sharp swing in Fiat's net financial position over the past 12 months with a deficit of L2,510bn comparing with a surplus of L431bn. It stems mostly from this year's payment of almost L550bn in dividends and the assumption of heavy additional burdens after the purchase of Ford New Holland by Fiat's construction equipment subsidiary.

The company has pumped around L1,000bn in new working capital into Ford New Holland.

Fiat said it expected to close the year in profit, in spite of the deterioration in earnings. The core cars business was still breaking even, according to an official.

However, the company revealed the margin on its industrial activities, principally cars, was now down to 0.3 per cent of sales, equivalent to just L78bn.

With Fiat warning of virtual economic stagnation in Italy and the possible impact on consumption of the government's deficit-cutting measures, which will raise taxes and cut benefits, earnings will remain under pressure.

Italy remains Fiat's main market for vehicles, and its share of sales is still falling. In the first half, its market share reached 44.4 per cent, against 47.5 per cent at end-June 1991.

The outlook for the full year is not encouraging. Fiat gave no indication about its plans for the dividend, which was cut by 38 per cent for ordinary shares last year.

Failing further asset sales, the prospect for earnings and the dividend seems poor.

Dow in switch to D-Mark invoicing

By Paul Abrahams in Stockholm and Andrew Jack in London

DOW, the US chemical giant, yesterday announced its European chemical operations would begin invoicing in D-Marks immediately, abandoning the use of local currencies.

The action appears to be the first time an international company has required payment in a *single European currency* from its customers, and comes in response to recent turbulence in the exchange rate mechanism.

Dow said margins of its chemical businesses, with an annual turnover of $4.5bn, had been hit by the currency fluctuations this month. A third of the group's sales had been affected by devaluations.

The group's main costs, energy and hydrocarbons, were dollar-denominated, while two-thirds of its fixed costs were in D-Marks or guilders.

Mr Fernand Kaufmann, sales and commercial vice-president at Dow Europe, said: "Most of our costs are stable. But the devaluations have knocked between 2 and 3 per cent off our European margins. For the first time in 10 years, European operations made a loss in the second quarter. Quite simply, margins are so depressed we cannot afford to absorb the devaluations."

The company, which is attempting to impose price increases for its products during the fourth quarter this year, said the aim of the D-Mark move was not to make extra money.

"We also need to act out of fairness to our customers in markets with strong currencies and *avoid price differentials brought* about by currency fluctuations," said Mr Kaufmann. "The benefits of devaluations wear off quickly," he added.

He admitted the company was taking a risk that competitors would not follow its example, and would use lower prices to gain market share. The group had not taken the decision lightly, he added. The move is effective from yesterday.

Mr Clive Johnson, a partner in the treasury group at Price Waterhouse, the accountancy firm, said he believed Dow was the first company to bill in a single European currency.

A few companies operate partial billings in ecus, and the aviation industry – including fuel and aircraft leasing – tends to operate with dollars, he said.

He said in the long-term Dow's move into D-Marks might offer stability, but in the short-term it would add to the company's currency exposure and need careful management to make it hedge against fluctuations.

Analysts may be losing patience with Jean-Yves Habérer's mounting provisions at Crédit Lyonnais, reports **Alice Rawsthorn**

French bank's fate hinges on chairman

Perhaps the grandest of the grandiose bank buildings on the Boulevard des Italiens in Paris is number 19 which was built in the 1870s as the headquarters of Crédit Lyonnais, a leading bank in the city of Lyons, then making its first move into the French capital.

The Crédit Lyonnais board was not at all sure its excursion into Paris would work. Just in case, it built the new headquarters in the design of a department store, so the building could be converted if the bank beat a retreat back to Lyons. For the past few years the joke running around the other banks on the Boulevard des Italiens has been that number 19 *may yet be turned into a department* store.

Whenever a group of international bankers gathers together the fate of Crédit Lyonnais, one of the biggest of France's state-controlled banks, and of its controversial chairman, Mr Jean-Yves Habérer, is almost always on the agenda. Since he became chairman four years ago, Mr Habérer has pursued a strategy of international expansion and aggressive lending which, his fellow bankers say, may make or break Crédit Lyonnais.

Earlier this week Crédit Lyonnais fanned the flames of the debate by announcing a collapse in net profits from FFr1.61bn in the first six months of 1991, to just FFr119m ($23m) in the first half of this year. The reason for the fall was a hefty increase in provisions on bad debts and sour investments from FFr3.37bn to FFr6.25bn over the same period.

Banking analysts, who had been bracing themselves for a slight fall in interim profits to between FFr1.3bn and FFr1.6bn, were taken completely by surprise. So it seemed was Thomson-CSF, the state-controlled French electronics group which is one of Crédit Lyonnais' largest minority shareholders with a 15.5 *per cent stake*. Thomson-CSF issued a profits warning immediately after Crédit Lyonnais' results. It chairman, Mr Alain Gomez, was quick to identify the cause of his company's problems – Crédit Lyonnais.

The bank has grown accustomed to criticism under the chairmanship of Mr Habérer. But until now banking analysts have been prepared to give it the benefit of the doubt. The critical question is whether the shock of the interim results, coupled with Mr Habérer's warning that there will be another steep set of provisions in the second half, has erased the benefit.

The first signs of *strain* emerged last summer when Crédit Lyonnais unveiled a fall in net profits from FFr3.71bn in 1990 to FFr3.16bn in 1991. It also announced an increase in client risk provisions from FFr4.2bn to FFr9.5bn – the legacy of Mr Habérer's loans to clients including Mr Robert Maxwell, the disgraced British media magnate, and Olympia & York, the collapsed Canadian property concern.

The 1991 figures also accentuated the positive aspects of Mr Habérer's strategy. The restructuring of the French retail banking network was bearing fruit, as was the group's expansion into retail banking across Europe and into investment banking in the US.

Moreover, although Crédit Lyonnais, appeared more precarious than its fellow French banks, the level of its provisions as a proportion of total loans (at around 1.6 per cent) was far lower than those of its UK and US competitors. Analysts were still reasonably sanguine.

Times have changed. This week's interim profits were well below expectations. "We all knew they were going to be bad, but not *that* bad," said Mr Keith Brown, banking analyst at Morgan Stanley in London. The situation was scarcely improved by Mr Habérer's insouciant reaction to the results: "It's one half year, no more and no less."

Analysts are even more concerned about the level of Crédit Lyonnais' first-half provisions and by the warning of more to come. Their concern has been aggravated by Crédit Lyonnais' refusal to specify exactly what the provisions consist of, and whether it has finished writing down critical portfolios such as its $350m exposure to Olympia & York and its $215m of loans to Mr Maxwell.

All Crédit Lyonnais will say about the interim provisions is *that they come from three* sources: losses on loans to small businesses in France and on French property investments; failed film investments (including MGM, the stricken Hollywood studio) made by its Dutch subsidiary; and from bad debts to international enterprises, including Olympia & York.

"How can we be expected to come to a sensible assessment when Crédit Lyonnais won't tell us what provisions it has already made and how much is left?" said Ms Sheila Garrard, banking analyst at Shearson *Lehmann* in London.

Most analysts are now much more *sceptical about Crédit* Lyonnais' prospects for the full financial year. "It's impossible to say how much it'll make but it certainly won't be anywhere near our original forecast of FFr3.6bn," said Morgan Stanley's Mr Brown.

In the meantime Moody's, the international credit rating agency, has put Crédit Lyonnais' long-term debt rating under review for possible downgrade for the second time in a year.

As for the long term, analysts are concerned that Mr Habérer's corporate style may turn out to have been too risky for Crédit Lyonnais. "This is a bank that has pursued a high-risk strategy and, if all goes well, in five years' time we could all be saying 'Wow!'," said Ms Garrard of Shearson Lehmann. "A year ago I still thought that might happen. Now I'm not so sure."

Jean-Yves Habérer: dismissive about interim results

BA buys 49.9% of TAT for £17.25m

By Paul Betts, Aerospace Correspondent

BRITISH Airways is acquiring a 49.9 per cent stake in the French regional airline Transport Aerien Transregional (TAT) for £17.25m ($30m) with an option to buy the rest by April 1, 1997.

The investment is part of BA's strategy to create a global airline by buying big stakes in other airlines. *BA has already agreed* to buy 44 per cent of USAir for $750m and bought a large minority stake this year in Delta, a German regional airline which has since been renamed Deutsche BA.

Other international carriers including American Airlines, United Airlines and Swissair were understood to have considered acquiring a stake in TAT.

The French regional carrier is based in Tours, and operates a network of French and European destinations including a service between Paris and London's Gatwick airport.

It operates 54 aircraft, carried 3m passengers last year and employs 1,540 people.

BA said yesterday it intended to help TAT develop its route network and strengthen its competitive position as a regional *airline in the new European* single aviation market.

The BA acquisition is expected to intensify competition between the regional carrier and Air France, which was forced last year by the European Commission to sell its 35 per cent stake in TAT when it took over UTA, the French long-haul carrier, and Air Inter, the French domestic airline.

BA said the acquisition, which includes only the airline activities of the TAT group, would be funded from its cash resources. After making a small pre-tax profit last year, BA said TAT was expected to incur losses this year as it expanded its international routes.

But the UK carrier said it did not expect material dilution in earnings nor material change in the debt-to-capital ratios as a result of the investment.

However, the deal, expected to be completed in January, has to be cleared by the EC competition directorate and the French regulatory authorities.

Although BA's £17.25m investment was relatively small, analysts said TAT had commitments for about 10-15 new aircrafts to be delivered between now and the end of next year which could prove more costly.

Vickers blames Rolls-Royce Motors for cut in dividend

By Andrew Bolger in London

VICKERS, the UK engineering group, blamed continuing losses at its Rolls-Royce Motor Cars subsidiary when it yesterday cut its interim dividend from 3.7p to 0.5p. The group incurred a pre-tax loss of £4.1m in the six months to June 30, compared with a £4.3m loss last time, although turnover increased from £330.2m to £349.3m ($597.3m).

Vickers, which cut last year's final dividend, said the latest reduction reflected the losses at Rolls-Royce Motors, and consequent restructuring costs. The 950 job cuts at Crewe announced yesterday will be taken as a £12m exceptional charge in the second half, but the first half also included an exceptional restructuring and redundancy charge of £1.7m, half incurred at Crewe.

Sir Richard Lloyd, chairman, said: "Prospects for the year are uncertain and it is therefore prudent to conserve cash and ensure our ability to support our defence, aerospace, marine engineering and medical businesses, and Cosworth, all of which are trading satisfactorily."

Sir Richard said the board intended to adopt a policy of continued dividend growth, albeit from a lower level, reflecting the sustainable long-term earnings growth when trading improved.

Sir Colin Chandler, chief executive, said the performance of the aerospace business, comprising Ross Catherall and Vickers Precision Components, had been encouraging. Cosworth, which makes high-performance engines, was hit by cuts at its principal customer, Ford, but its racing operations were successful.

The marine engineering division encountered sluggish demand and strong competition, but had won valuable orders.

The group's medical equipment business, which experienced a record year in 1991, suffered from lower demand in the US and uncertainty in Europe.

Vickers is continuing the development and manufacturing phase of the new Challenger 2 battle tank programme, for which it last year won a £520m order from the British government.

Losses per share were 1.8p, compared with 2.6p last time. Gearing was 33 per cent at June 30, but is likely to rise to about 50 per cent by the year-end, because of the cash drain from Rolls-Royce Motors.

Lex, Page 16; Market report, Page 39

Barings cuts securities side jobs to stem losses

By Robert Peston in London

BARINGS, the privately-controlled UK merchant banking group, yesterday shed 108 employees at its securities trading subsidiary, Baring Securities, in an attempt to stem heavy losses.

It also reorganised the senior management of Baring Securities, which made losses of between £10m ($17m) and £20m in the six months to June 30, according to Mr Andrew Tuckey, Barings' deputy chairman. An executive in Barings' merchant banking operations, Mr Peter Norris, is becoming chief operating officer of Baring Securities.

The losses were responsible for a fall in Barings' group pretax profits from £24.3m to £11.8m in the six months to June 30. Mr Tuckey said he was particularly pleased with the way in which the group was working with Dillon Read, the Wall Street investment bank in which Barings acquired a 40 per cent interest late last year.

Baring Securities, set up in 1984, was for many years one of the UK's most profitable international securities trading firms, winning a Queen's Award for Exports. Its founder, Mr Christopher Heath, became one of the UK's highest-paid executives.

Mr Tuckey said Baring Securities, with 1,260 employees, had become too big for Mr Heath to have sole responsibility for day-to-day management. So Mr Heath is giving up his title of managing director to become chairman of Baring Securities, concentrating on developing new business and seeing clients.

The losses fell in Baring Securities' Japanese and continental European operations. However, extensive operations in other parts of south-east Asia and Latin America are trading profitably.

More than half the redundancies are in the London headquarters. There were also 15 departures from the Tokyo office and 13 from the Frankfurt office, which is being closed.

Barings is reorganising its European operations to concentrate more heavily on southern European markets, where it believes its research is superior to that of its rivals.

Profits of Barings' corporate finance, banking and capital markets operations were almost unchanged in the first half of the year. However there was a fall in profits at its fund management subsidiary.

Marzotto reports first-half tumble

By Haig Simonian

MARZOTTO, Italy's biggest clothing group which last year bought control of Germany's Hugo Boss, reported a steep decline in consolidated net profits after minority interests to L9.3bn ($7.3m) in the first half of this year from L20.3bn last year.

The decline was most marked at parent company level, where operating earnings fell by 25 per cent to L28.7bn. After a L52.9bn write down on its Hugo Boss stake, the parent company reported a L31.2bn six-month loss.

However, the group forecast full-year earnings should be in line with the net L39.8bn made in 1991, in spite of the growing recession in Italy and the slowdown in many foreign markets.

The group expected sales to reach around L2,000bn this year, confirming its position as one of Europe's leading textile and clothing manufacturers. Meanwhile, net group debt should fall, on an adjusted basis, through the continuing policy of using cash flow to reduce borrowings.

The drop in earnings comes in spite of the first-time contribution from Hugo Boss, which pushed Marzotto's group sales up by 42 per cent to L951.8bn in the six months. The bulk of the surge in turnover came on the clothing side, where the inclusion of Boss spurred a 118.2 per cent rise to L584.8bn.

Buying Boss also sharply reduced the group's dependence on the Italian market, with the majority of sales coming from outside Italy. While domestic turnover fell by 6.4 per cent to L437.1bn, foreign sales jumped by 153.2 per cent to L514.7bn.

Marzotto minimised the impact of profits fall by noting that earnings in the first half of 1991 had been boosted by L9.6bn in extraordinary items. By contrast, non-recurring items had caused a L800,000m loss in the first half of this year.

Danieli slightly ahead at L45bn

By Haig Simonian

DANIELI, the Italian heavy engineering group which specialises in mini-mills for the steel industry, raised net group profits to L45bn ($36m) in the year to June 30, from L44bn in 1990-1991.

In spite of the slight profits rise, the company said difficult market conditions required a reduction in the dividend to L180 for ordinary shares and L200 for savings stock from L220 and L240 respectively. The company explained that the move was necessary to build up resources.

Turnover, affected by the worldwide crisis in the steel industry, fell by 1.7 per cent to L759bn from L772bn in 1990-1991. The latest reduction in sales and earnings continues a difficult period for the group, which has seen earnings slide for the second year running after reaching L61.5bn in 1989-1990.

Danieli gave no indications about the current state of its business, beyond saying that new orders were in line with expectations. In January, it won a L780bn deal from Iran to modernise the country's biggest steel plant.

Sun Micro in lawsuit funding controversy

By Louise Kehoe in San Francisco

SUN Microsystems, the US workstations group, is alleged to have been "covertly funding" an anti-trust lawsuit against the Open Software Foundation, an industry group whose members include International Business Machines, Digital Equipment and Hewlett-Packard.

The lawsuit, filed in April 1991 by Addamax, a small Illinois software company, alleges the industry group acted as an "illegal cartel".

OSF had previously rejected Addamax's submission of security software for inclusion as a component of its OSF/1 computer operating system. This system is designed to establish an "industry standard" version of Unix, the widely used AT&T operating system.

Sun Microsystems confirmed it had "provided financial assistance to Addamax in the form of a loan guarantee to help fund expenses associated with the lawsuit". According to OSF, Sun has provided Addamax with a $7.5m loan guarantee.

OSF said: "This lawsuit was not the simple effort of a small, independent software vendor. Rather, Sun has been involved from the outset, and only by recent court order, which was opposed by Addamax, was Sun's financial backing of the suit revealed."

Sun said, however, that it had agreed to help Addamax because the company was a Sun supplier and "appears to be raising serious issues of importance to the industry".

The public disclosure of Sun's involvement in the anti-trust suit revives tensions between OSF and its rival, Unix International, in the open systems software arena.

Sun is a founding member of Unix International, along with AT&T. OSF was formed because of concerns that Sun and AT&T, who had agreed to work together to produce a standard version of the Unix operating system, might design the software to give Sun a competitive advantage.

Clean-up campaign at DG Bank

David Waller on the tough task faced by the German institution

MR Bernd Thiemann has, on the face of it, a modest objective at the Deutsche Genossenschaftsbank (DG Bank), the Frankfurt-based institution he joined as chief executive last summer. He wants the bank again to be a respected and uncontroversial member of the German banking community.

But, as Mr Thiemann readily admits, the task is difficult. For, by the time he took over, DG Bank had become a byword for over-expansion and financial imprudence. Through its role in a cross-border imbroglio involving DM6bn of government bonds, it had succeeded in blighting Frankfurt's reputation as a European financial centre.

The bank, the six-largest in Germany on balance sheet, announced last month it expected to break even for 1992 – a step towards normality following big difficulties last year. It also received support for its second substantial cash injection from shareholders within a year, taking the total raised since Mr Thiemann's arrival to DM3.2bn.

The DG Bank occupies a special role within the German financial system. It is the central bank for the country's network of more than 3,000 co-operative banks, also DG Bank's principal shareholders. If the assets in the organisation's 20,000-plus branch offices were added together, they would amount to some DM919bn, bigger than those of Germany's top three bank's put together.

DG Bank's problems date back to the 1980s. Then, it set out to become a universal bank, providing a full range of banking services for the co-operatives, entering the equities and government bond markets in its own right, and building up a network of 13 overseas offices. It also tried to buy up the five regional co-operative central banks, which alienated the co-operative movement.

This era came to an inglorious end in early 1990 when it emerged that the bank's chief bond trader had entered a verbal agreement to buy back DM6bn of German government bonds sold to nine French banks as part of repurchase agreements.

When the the price of bonds fell, the DG Bank refused to buy them back, arguing that the head trader – subsequently dismissed – had exceeded his authority. Four other traders were arrested following a criminal investigation. They are still in prison.

The affair became an international incident, with the French Finance Ministry protesting to Germany's banking authorities about DG Bank's refusal to pay. It embarrassed the Frankfurt financial community, foreshadowing the insider dealing scandals of the following summer in that it raised questions about the lack of regulation in German financial markets and lack of controls at one of Germany's larger banks.

DG Bank had to take the bonds back on to its books in March of 1990 and, in November last year, it gave up all its legal claims against the French counterparties. Meanwhile, Mr Thiemann replaced Mr Helmut Guthardt as the bank's chief executive.

Bernd Thiemann: 'Shadows of the past are shortening'

"I knew full well that it was a 'clean-up' commitment when I took the job," said Mr Thiemann, who joined after 10 years as chief executive of Norddeutsche Landesbank, one of Germany's larger public sector banks. "There was a gigantic hole in the balance sheet and it was clear that the bank faced at least 25 major business problems," he said.

The balance sheet hole was plugged by a DM1.4bn capital-raising exercise last autumn and, one by one, the litany of business problems is being dealt with. The bank is carefully unwinding what Mr Thiemann calls a "mismatched position of grandiose proportions" between assets and liabilities.

With the help of the Boston Consulting Group, new computer systems and financial controls are being put in place. The scale of provisioning against problem country loans is being bolstered.

The bank's personnel is to be cut by 800 from the current 5,500 and, in June, the bank announced the closure or sale of six businesses as part of a general restructuring of its overseas activities.

Mr Thiemann is confident that the shadows of the past are shortening. He draws a distinction between the two capital-raising measures of the last 12 months. "The first one last autumn dealt with the past," he argues, while "the second prepares us for the future".

This summer's DM1.8bn will strengthen the balance sheet and allow the bank to meet tough new capital adequacy requirements, which take effect next year.

The next step on the road to normality will be a marketing offensive designed to intensify the ties between DG Bank and the co-operative banks, its natural customer base.

But Mr Thiemann admits that it will be a long haul: DG Bank will signal its return to full normality only when it pays its shareholders a dividend, and that is not likely to happen for another four years.

Swiss Re turns in strong advance

By Our Financial Staff

SWISS Reinsurance yesterday reported a strong increase in profits for 1991 and announced plans for a SFr300m ($229m) rights issue and a simplification of share structure.

The company, number two in the world reinsurance ratings after Munich Re, said net profits rose by 23 per cent to SFr266m in 1991 and that as a result it would be stepping up its dividend from SFr45 a share to SFr48.

Swiss Re had forecast improved results for 1991 following weak earnings in the previous year when its performance had been depressed by a strong Swiss franc and a slump in world stock markets.

Unveiling plans for a one-for-10 rights issue, the company said it would accompany the share financing with a simplification of its share structure and an opening of its share register. It gave no additional details.

Terms for the rights issue are to be announced on November 20. Prices of around SFr1,500 per registered and bearer share, and SFr300 per participation certificate, are expected. The issue would raise around SFr320m, Swiss Re said.

Last year, gross premiums rose by 17.3 per cent to 17.45bn.

In non-life insurance, the underwriting loss rose to SFr781m from SFr717m, due to the generally poor climate in business overall.

Swiss Re said the growing number of damage claims plus a catastrophe in Japan also hit the result.

Finnish property venture set up

FINNISH bank Kansallis-Osake-Pankki and insurance company Kansa-Yhtyma are setting up an equally-owned property venture, Reuter reports from Helsinki.

The new company is to acquire property worth about FM1.5bn ($317m) from the founders. KOP and Kansa will each sell property worth about FM750m to the venture and then rent back assets on long-term leases. Both parties will invest FM375m in equity in the the company.

INTERNATIONAL COMPANIES AND FINANCE

Saipem stages first-half profit recovery to L6.2bn

By Haig Simonian in Milan

SAIPEM, the listed engineering and pipe-laying subsidiary of Italy's state-owned Eni energy and chemicals group, has staged a turnround in the first half. Net earnings were L6.2bn ($4.9m) after minority interests, against losses of L85bn in the same period last year.

The improvement marked a gradual recovery from the crisis in the world's off-shore and plant building industry which started in the mid-1980s, said Mr Giovanni dell'Orto, chairman.

He predicted Saipem would remain in profit at the end of the year, but indicated it was too soon for dividend payments to be resumed. "In the first phase, profits should be used to cover past losses", he said.

Saimpem's sales have risen almost 22 per cent to L856bn in the six months to July. New orders, particularly for off-shore rigs, have also surged, with the total reaching L1,176bn by end-June, against L938bn at the same time last year.

By end-September, Saipem's order backlog reached a record L3,050bn, boosted by the recent contract to develop the South Pars field in Iran, worth almost L1,000bn to the company.

Group debt, which remained stable at around L207bn at mid-year compared with last December, had fallen to around L165bn by the end of last month.

● Italcable, the listed international telecommunications company which is part of Italy's STET state-owned holding company, raised profits before tax and extraordinary items by 5.3 per cent to L143.6bn in the first half of this year, from L136.3bn in the same period in 1991.

The increase comes in spite of continuing cuts in tariffs for international calls – Italy's are among Europe's highest. While call traffic jumped by around 25 per cent, group sales rose by just 6.2 per cent to L362bn in the first half from L341bn.

● Merloni, the Italian white goods group which manufactures under the Ariston, Indesit and Scholtes names, raised interim pre-tax profits by almost 37 per cent to L7bn from L5.1bn in the first half.

Cox backs new satellite channel

By Raymond Snoddy

COX Enterprises, the Atlanta-based media group, is to underwrite the £35m ($59.85m) funding requirements of UK Gold, a new satellite channel featuring programmes from the BBC and Thames Television.

It is the first investment in the UK market for the privately-owned Cox, one of the largest US communications groups with annual revenues of $2.3bn.

Together with other investors, Cox, the sixth-largest cable television operator in the US, will also take a 65 per cent stake in the venture.

Thames will have a 15 per cent stake and BBC Enterprises, the commercial arm of the BBC, 20 per cent.

The new advertising-financed channel, which will be aimed entirely at the UK market, is likely to be launched in mid-November.

It will broadcast for around 18 hours a day from the Astra satellite system to both satellite dishes and cable networks.

The entertainment-only channel will draw heavily on the programme libraries of both the BBC and Thames.

Mr Derek Lewis, former chief executive of the Granada group who is leading the UK Gold launch, said he was delighted that Cox had underwritten the financing and would be a key partner in UK Gold.

Venezuelan oil group cuts investment

By Joseph Mann in Caracas

PETROLEOS de Venezuela, Venezuela's national oil company, has sharply reduced its capital investment programme, according to company executives.

The company is to make direct investments of $20bn during 1993-98, a cut of around $6bn compared with previous forecasts made only last year.

Weak international oil prices and high taxes on operating profits have forced the company to make the cut.

PDVSA, which had gross revenues of $22.3bn last year, is concentrating most of its capital outlays on core activities – exploration, crude oil production and refining. Other projects will be stretched out or shelved.

The company also hopes to attract further outside investment for oil, petrochemicals and coal projects.

The 1993-98 investment programme includes $13bn on maintaining crude oil production capacity, and a further $1.4bn to take it beyond its present 2.83m barrels per day, and $2.6bn on upgrading domestic refineries.

Since most of Venezuela's oil wells have been producing for many years, heavy investment is required to reverse an annual average decline of 22 per cent in output from old oil fields.

PDVSA, which has the highest level of debt in its 16-year history – estimated at more than $3bn – will still need to borrow on international capital markets in 1993-94 to help finance its investments, company executives said. Officials also warned that unless the company's tax burden were reduced over the next several years, it will not be able to make the investments required – especially in maintaining oil production capacity – to keep the business afloat. The company pays taxes equivalent to 82 per cent or more of operating profits.

Brierley Investments up 18.6% to NZ$251m

By Terry Hall in Wellington

BRIERLEY Investments, the New Zealand investment holding company, reported an 18.6 per cent increase in net profit to NZ$251.1m (US$135.3m) for the year to June 30, compared with NZ$211.7m last year.

Mr Paul Collins, chief executive, forecast the company would show a similar improvement in the current year and would be helped by improving fortunes from its its main investment, UK hotel group Mount Charlotte.

Directors said the latest advance was largely due to a substantial rise in operating earnings in New Zealand and lower interest and overhead costs. Interest charges fell 44 per cent to NZ$171m (NZ$306m) due to lower debt levels and interest rates.

But the directors pointed out that good results from Air New Zealand and Carter Holt Harvey were offset by losses from Ariadne Australia and Magnum. The figures included write-offs of NZ$72m for Magnum, NZ$44m for Ariadne Australia, and NZ$20m for New Zealand properties that are to be sold.

Operating profit before tax and minorities rose 17 per cent to NZ$354.8m (NZ$303.7m).

New Zealand-controlled companies produced a combined profit of NZ$73m (nil last year), and directors expect another strong contribution this year. Mount Charlotte made a loss of NZ$6m, against a profit of NZ$78m last year. The UK contribution was NZ$321.1m (NZ$452.5m) which included a profit of NZ$160m on the sale of UK motor group Tozer Kemsley and Millbourn.

A NZ$33.4m loss was incurred in Australia after the decision to write off the NZ$44m investment in Ariadne. Investments in W D and H O Wills and the 93 per cent shareholding in Australian Consolidated Investments did not produce revenue.

Directors are proposing a final dividend of 5 cents a share, making an unchanged 9 cents for the year.

Wang warns that restated results may lead to loss

By Louise Kehoe in San Francisco

WANG Laboratories, the US computer group, is to restate its financial results for the fiscal year that ended on June 30 to reflect additional restructuring charges resulting from its bankruptcy filing.

The charges could be "substantial and result in a sizeable loss for the prior fiscal year," Wang said.

In August, Wang filed for protection from creditors under Chapter 11 of the US bankruptcy code.

Yesterday, in a letter to customers, Mr Richard Miller, chairman and chief executive, said that since the bankruptcy filing cash-flows had been satisfactory.

The company's cash balances were steadily building and exceeding the company's forecast, he added.

"We are continuing to talk with lenders about financing, but our strong cash balances have enabled us so far to finance our needs internally," Mr Miller said.

Most of Wang's suppliers are extending credit to the company, he added.

By the end of this month Wang will have reduced its workforce to about 11,000 from 13,000, Mr Miller said.

Most of the reductions to date have been in the US. Some job cuts have been delayed to comply with local employment regulations, Wang said.

However, the company plans further reductions of about 3,000 worldwide.

"As our business stabilises after the shock of the Chapter 11 filing, we will complete our business plan which will become the basis for our plan of reorganisation," Mr Miller said.

"It is still too early to know how long that process will take", he added.

Hagen wins seat on Nedlloyd board

By Ronald van de Krol in Amsterdam

MR TORSTEIN Hagen, the Norwegian investor, yesterday won his long battle to win a seat on the supervisory board of Nedlloyd, the Dutch transport group, after an Amsterdam court rejected objections to the appointment that were lodged by the company's works council.

The court ruling caps a long and determined effort by Mr Hagen, who owns about 25 per cent of Nedlloyd's shares, to get a board seat and help oversee the company's return to sustained profitability.

In 1988, and again in 1991, Mr Hagen attempted to gain influence at Nedlloyd but was rebuffed each time by the management board.

The board argued that it was counter to Dutch corporate practice to nominate significant shareholders to the supervisory board, a body that is required by law to look after the interests of all "stakeholders" and not just shareholders.

The management board reversed its position in early 1992 and nominated Mr Hagen to the supervisory board.

However, the move was opposed by the works council, which charged that management was hoping to buy off Mr Hagen and neutralise his criticism of company policy.

Yesterday's court ruling breaks the deadlock and clears the way for Mr Hagen to join the board.

"We cannot do anything else but loyally accept this decision," the works council said.

Mr Hagen's clashes with Nedlloyd in the past were central to the continuing debate in the Netherlands about the subordinate role of shareholders in Dutch corporate governance.

Bramalea nears debt agreement

By Robert Gibbens in Montreal

BRAMALEA, the property group controlled by Toronto's Edper-Bronfman group, has negotiated an agreement that may smooth the way to restructuring the company's C$5bn (US$4.06bn) debt.

Lawyers representing holders of C$525m of secured debentures said they will recommend an exchange into Bramalea stock and new five-year secured debentures.

The debenture holders, if they finally approve, would receive slightly more than 50 per cent of Bramalea's equity.

Hungary is seen as top choice for expansion

By Andrew Jack

HUNGARY is the most popular east European location for the expansion of medium-sized companies, a study by Deloitte Touche Tohmatsu, the accountancy and consultancy firm, has shown.

One-third of a sample of nearly 400 companies from 20 developed companies said Hungary was their first choice in the region. The next most popular countries were Czechoslovakia, Poland and Russia.

The vast majority – 71 per cent – said the main reason for interest in the east was market opportunity.

But the survey showed many businesses were hindered in their attempts to invest in the east. One-third said investment was too risky, while a significant minority were troubled by the unsuitability of the political and social environment.

Deloitte Touche said the study showed prospects for increased trade were encouraging, given the need for good information and funding mechanisms.

● *Why Companies Go International. Deloitte & Touche, 326 Rue Royale, 1210 Brussels, Belgium.*

Crédit Agricole optimistic on growth

By Alice Rawsthorn in Paris

CREDIT Agricole, one of France's largest banks, expects net profits growth of between 4 per cent and 6 per cent this year, despite the competitive state of the French financial markets.

The announcement lightened the mood of the French banking industry, which has been clouded by concern about the impact of the economic slowdown on its exposure to small businesses and the property sector.

Crédit Lyonnais, another leading French bank, recently disclosed a sharp fall in profits for the first half of 1992 following a steep increase in client risk provisions.

Crédit Agricole, which has expanded rapidly from its roots as a co-operative of banks for French farmers to become Europe's biggest single bank, according to The Banker magazine, made net profits of FFr4.9bn on net banking income of FFr57.5bn in 1991.

Mr Philippe Jaffré, chairman, said the bank would be forced to raise provisions this year, probably by FFr1bn or FFr2bn on last year's total of FFr14bn.

The bank does not disclose figures for its performance in the first half of the year. However, it announced yesterday that gross operating profits had risen by 19 per cent on the preceding interim period.

Crédit Agricole anticipates continued growth in gross operating profits at a similar rate of between 19 per cent and 20 per cent for the full financial year. Similarly, net banking income is expected to show growth of 8 per cent, with the increase in costs restricted to 5 per cent below last year's level.

● Société Générale, another leading French bank, yesterday announced a rationalisation plan to cut staffing levels in its domestic retail banking network by 2.5 per cent over the next three years. This will involve shedding 1,600 of the bank's 23,000 staff.

GIO beats flotation profit forecast

By Bruce Jacques in Sydney

GIO Australia, the recently-floated Australian insurance company, has beaten its prospectus forecasts by unveiling a 23 per cent rise in net profits to A$117.0m (US$84.59m) for the 12 months to June, up from A$95.0m a year earlier.

The company, formerly controlled by the government of New South Wales, beat its flotation forecast of net profits by A$12m.

The directors have declared a 14 cents-a-share interim dividend in line with the prospectus. Turnover rose to A$1.42bn from A$1.39bn.

Mr Bill Jocelyn, managing director, said the improved result was due to a stronger-than-expected performance from New South Wales compulsory third party car insurance. Together with strong investment returns, this offset flat results elsewhere.

"Although the insurance business is running well at this stage, low interest rates and subdued investment conditions will make it very difficult to match the 1992 result next year," he said.

"The year ahead will be one of consolidation for the group and there are no plans at the moment for us to consider other acquisitions."

Westpac issue under-subscribed

By Bruce Jacques in Sydney

WESTPAC, the leading Australian financial services group, yesterday announced that its A$1.2bn (US$867.67m) share issue had closed 72.6 per cent under-subscribed.

The bank announced that only 111.28m of the 405.62m shares offered had been taken up. AMP Society, Australia's biggest insurance group, took up its full subscription, but other shareholders took up only 50.44m shares.

Westpac shares fell 9 cents to A$2.90 on Australian stock exchanges yesterday.

Diversifying from Richemont's lap of luxury

Ian Rodger, Angus Foster and Philip Gawith scent success where a different smell might be expected

THESE DAYS, a sophisticated investor coming across an industrial group controlled by South Africans, with headquarters in Switzerland, dividends paid from a Luxembourg subsidiary and accounts presented in sterling, would almost certainly run the other way.

Such a group would have the smell of what bankers burned by Mr Robert Maxwell and others now call "the tycoon factor". For most banks and investors that smell is not pleasant.

But in the case of Richemont, the Rothmans tobacco and luxury products group controlled by the Rupert family of Cape Town, this suspicious-looking structure has a clear rationale and, so far, has been advantageous to all shareholders and, possibly, to employees as well.

Attributable earnings last year of £197.3m were double the 1989 level, and the bearer share more than trebled in value in that period to a peak of SFr16,375 earlier this year.

Whether Richemont can maintain this pace remains to be seen. Mr Johann Rupert, its rather un-tycoon-like managing director, is doubtful, and warns shareholders of tough times ahead.

"We cannot manage the Richemont group of companies as if an economic disaster *will* occur. We do, however, manage it as if one *might* occur," he wrote ominously in last year's annual report.

Investors seem to have got the message because the shares have tumbled to the SFr12,000 level recently.

Mr Rupert, now its driving force, is nervous about the prospects for luxury products in the recessionary 1990s and is diversifying the group into the mail order business and satellite television to participate in what he calls the franchises of the future.

Until Richemont's 1988 launch, all the Rupert family's worldwide interests were owned ultimately by the quoted South African company, Rembrandt. But the family was worried about the risks of nationalisation in South Africa and ostracism from some western markets.

Mr Rupert drew up and executed a plan for hiving off all the non-South African assets to Richemont, then a holding company for its Swiss interests. Since Rothmans International of the UK formed a large part of the new group's assets, it made sense to keep Richemont's accounts in sterling.

Since most of the shareholders were in South Africa, it did not make sense to have dividends paid by the Swiss company. Switzerland has a 35 per cent withholding tax. Hence the Luxembourg subsidiary.

Richemont's strong earnings performance has been buttressed by steady results from Rothmans and buoyed by the 1980s boom in luxury products. Its portfolio includes such gems as the French Cartier Monde group (77 per cent owned), Alfred Dunhill (36 per cent) and the Swiss watchmakers Baume & Mercier and G. Piaget (65 per cent).

Mr Rupert has an ambivalent attitude towards the luxury goods business. While he believes in brands and that they must be built up and supported over a long period, he is nervous about how they will fare in a recession.

"I have been preparing shareholders for four years to recognise that the 38 per cent average annual growth we had over nine years is not sustainable. But the business has been remarkably resilient in the past two years," he says. "I would not have believed it. A French friend tells me that once people use real silk and high-quality leathers they never go back. I hope he is right."

Richemont has continued to acquire luxury goods lines and Mr Rupert says he will buy more if the price is right. He has also shown he is not willing to sell a luxury goods business, even at a spectacular price.

Three years ago, he was approached by an intermediary for Japanese investors ready to pay $6bn for Cartier. At the time, that represented a staggering 40 times earnings.

"I laughed at him, I was convinced it was not a serious offer," Mr Rupert recalls ruefully. Three months later, he discovered that it had been serious, but it was too late.

"Obviously on financial grounds, in a case like that you should sell. But, on the other hand, we do not buy and sell companies. We try to build up long term relationships with our companies.

"I did not want to leave our people at Cartier in the lurch. I told them about the offer a few months later, and they laughed at me and told me I had been stupid. But what would we have replaced it with?"

In the past two years, Mr Rupert has been restructuring Rothmans' tobacco business and finding new businesses for Richemont.

Rothmans International, in which Richemont has a 62.5 per cent holding, accounted for 70 per cent of group sales and 63 per cent of operating profit last year. However, Rothmans' main markets are in western Europe, North America and Australia, where demand and profits have been declining.

In Canada and Australia, it has only minority stakes in the quoted operating companies, and performance in Australia in particular has deteriorated.

A new chief executive has been installed at Rothmans International in London and the group is setting up a "more integrated form of management structure". It is concentrating on growing Asia, and Mr Rupert admits a priority is to develop a flagship American blend cigarette, something the group lacks but the market wants.

The Ruperts' first international investments outside tobacco and luxury goods in the mid-1980s were in TransAtlantic, a holding company for 25 per cent of Sun Life Assurance of the UK and 75 per cent of Capital & Counties, and in North American Resources, a speculative oil and gas venture. These followed the family's preferred pattern of taking on partners for its businesses. "We like partners, and we are known as management friendly," Mr Rupert says.

The TransAtlantic stake was sold last year for a £33.7m profit, while North American, in which Richemont has a 50 per cent stake, is distancing itself from oil and gas and concentrating on Horn and Hardart, the former New York fast food company that became a mail order business.

North American rescued Horn and Hardart last year from a failed leveraged buyout and is in the process of refinancing it. Cash-flow is said to be very high, and Mr Rupert, who is not given to optimistic forecasts, predicts it will soon become the number one direct retailer in the US.

Whether this will form the proverbial third leg that Richemont appears to want is not clear. Mr Rupert seems restless and argues the company should keep trying to update its product portfolio.

"My job is to snatch bits of the future and try to position the company in areas where it can manufacture products that my children will be interested in," he says.

He dislikes high-technology products. "You have to invest so much to keep up. When do you cash out? I would like to buy real franchises, but we cannot afford ones that have already been built up, like Coca Cola. So we try to build little franchises."

His latest purchase, together with a South African media group, was the Scandinavian satellite television company, FilmNet. Each party paid $75m for 50 per cent stakes, and they have recently sold 10 per cent to RTL 4, the Luxembourg broadcasting group.

FilmNet, set up in 1985, provides a subscription television service to Belgium, the Netherlands and in Scandinavia. It concentrated initially on pornographic and violent films and was not a success.

Mr Rupert says he became enthusiastic about satellite television after studying Britain's BSkyB. The key, he says, is to have control of subscriber decoders. This enables the operator ultimately to negotiate with producers to charge customers for individual programmes. "It is the box office of the future," he says.

He cheerfully admits that it will be a long haul, but has already taken the first step by getting rid of the pornography.

Johann Rupert: un-tycoon-like, warning of tough times ahead

EVEN if you like Richemont, its shares tend always to be more expensive than those of comparable tobacco or luxury products groups.

This is because South African investors, who have access to the shares through a depositary arrangement, are willing to pay a premium for them as a hedge against the rand.

South African investors also tend to hang on to the shares, which means that there is very little liquidity in them in their home market of Switzerland.

This is more than a minor inconvenience for Swiss investors because Richemont is one of the largest Swiss quoted companies, with a market capitalisation of nearly SFr7bn, and figures in the SMI index of leading shares.

Next month, following the implementation in July of a revision to Swiss company law, Richemont will join many Swiss companies in splitting its bearer shares 10-for-one, although analysts doubt that this will make much difference to the liquidity.

The group also seems to have taken to heart the trend among Swiss companies to be more transparent about its activities, and has published a highly detailed 60 page report for 1991.

But Mr Johann Rupert, chairman, says there is no intention to change the two-class share structure under which his family has voting control with only 10 per cent of the share capital. Mr Rupert says the Rembrandt minority shareholders unanimously endorsed the family's lopsided voting power when the overseas assets were hived off to Richemont.

Occasional rumours that Richemont might consolidate and spin off its luxury products subsidiaries, some of which are owned partly by Rothmans, into a separate group, are also misplaced.

"There is certainly a sound managerial reason for doing it, but I have not found a tax effective way," Mr Rupert says. The key problem is that any restructuring would trigger capital gains tax on the Cartier business, now worth substantially more than Richemont paid for it.

Two bids made for Sealord Products

By Terry Hall in Wellington

TWO rival bids were last night submitted for Sealord Products, New Zealand's largest deep sea fishing company, which was put up for sale by Carter Holt Harvey (CHH), the forestry group.

One bid was from a New Zealand government backed Maori-led consortium which includes Brierley Investments, the investment group. The other was from Ashlar, a consortium lead by Royal Greenland, a Danish state-owned fishing company.

Both bids are unconditional, following due diligence procedures. CHH, which is selling Sealord to reduce debt, said the bids had been received by its 5 pm deadline.

Earlier yesterday Maori representatives signed a deal under which the government will lend them NZ$150m (US$80.79m) to buy a half share in Sealord.

The Ashlar consortium includes Ord Minnett, of Australian banking group Westpac, and Polar Products, a New Zealand fishing company.

Ashlar said Royal Greenland's interest in the consortium was not more than 24.9 per cent, but would not disclose the size of the other members' stakes or name all its partners. It had not ruled out the prospect of some Maori investment in the consortium to represent tribal fisheries claims.

Ashlar said it would also look at selling a portion of Sealord through a public share flotation, once Royal Greenland and Polar Products had improved its efficiency.

CHH said it would make a prompt decision after reviewing the rival bids.

Correction

Anglovaal

EARNINGS per share of Anglovaal fell by 3 per cent to 464 cents in the year to June, from 478 cents. The figures were incorrectly reported in yesterday's FT.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Prices for Trading on 25.09.92: Pool purchase price £/MWh	Final Prices for Trading on 20.09.92: Pool purchase price £/MWh	Pool selling price £/MWh
0030	17.76	17.76	17.76
0100	17.76	17.86	17.86
0130	17.76	17.86	17.86
0200	17.76	17.86	17.86
0230	17.76	17.86	17.86
0300	17.76	17.86	17.86
0330	17.76	17.86	17.86
0400	17.76	17.86	17.86
0430	17.76	17.86	17.86
0500	17.76	17.86	17.86
0530	20.21	17.71	17.71
0600	20.21	17.71	17.71
0630	21.16	17.71	17.71
0700	22.18	20.34	22.01
0730	26.71	23.66	26.34
0800	26.67	23.64	26.50
0830	29.69	26.10	28.80
0900	29.70	26.26	28.95
0930	29.69	28.12	30.84
1000	29.69	28.13	30.83
1030	29.69	28.14	30.80
1100	29.69	28.13	30.79
1130	28.02	28.14	30.80
1200	28.02	28.15	30.81
1230	28.01	28.14	30.79
1300	28.01	26.29	28.90
1330	26.72	26.11	28.72
1400	26.71	24.40	26.97
1430	24.70	24.40	26.97
1500	24.70	24.40	26.97
1530	22.00	23.84	26.40
1600	21.70	23.84	26.40
1630	21.70	23.84	26.40
1700	24.35	23.84	26.40
1730	24.62	23.84	26.40
1800	24.62	23.84	26.41
1830	24.62	23.84	26.42
1900	24.63	22.96	25.53
1930	28.00	22.96	25.53
2000	28.00	21.70	24.25
2030	28.00	24.14	26.74
2100	24.35	22.96	25.51
2130	23.76	26.74	29.40
2200	23.76	24.14	26.74
2230	23.07	22.96	25.54
2300	22.18	21.38	23.94
2330	21.16	20.58	23.12
2400	20.28	20.18	22.72

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.66/MWh becomes 1.666p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-456789 between 8.30am and 5.15pm Monday to Friday.

©NGC Settlements Limited 1992

Notice of Redemption

Banque Nationale de Paris

GBP 50,000,000

10% 1987/1994

Notice is hereby given that pursuant to paragraph 5b) Redemption and Purchase of the terms and conditions of the notes, Banque Nationale de Paris has elected to exercise its right to and shall, redeem on 26th October 1992, all the outstanding notes at the redemption price of 100.25% of their principal amount together with accrued interest to such date of redemption.

Payment of the redemption price will be made on and after surrender of the notes, together with all coupons appertaining thereto maturing on or after 26th October 1992, at the offices of

Banque Nationale de Paris (Luxembourg) S.A.
24, Boulevard Royal
L-2952 Luxembourg.

Interest will cease to accrue on notes as from 26th October 1992.

Banque Nationale de Paris (Luxembourg) S.A.

Can. $125,000,000

Credit Local de France

Subordinated Collared Floating Rate Notes due 2002

For the interest period from September 25, 1992 to March 25, 1993 the rate has been determined at 6.125% per annum. The amount payable on March 25, 1993 per Can. $10,000 and Can. $100,000 principal amount of Notes will be Can. $303.73 and Can. $3,037.33 respectively.

By: The Chase Manhattan Bank, N.A. London, Agent Bank

September 25, 1992 — CHASE

Malaysia

U.S. $600,000,000

Floating Rate Notes due 2015

For the six month period 21st April, 1992 to 21st October, 1992 the amount payable per U.S. $10,000 Note will be U.S. $266.89. The relevant interest payment date will be 21st October, 1992.

Bankers Trust Company, London — Agent Bank

INTERNATIONAL CAPITAL MARKETS

Spanish bonds fall on introduction of capital controls

By Sara Webb in London and Patrick Harverson in New York

FURTHER tension within the exchange rate mechanism of the European Monetary System forced Ireland and Portugal to follow Spain's example and impose restrictions on the movement of capital yesterday.

The reintroduction of capital controls infuriated many bond investors and traders, and left some wondering which other troubled markets would follow suit.

The Spanish government bonds suffered a sharp sell-off yesterday as foreign investors scrambled to get out of the market.

The capital controls are intended to hit speculators who have played havoc over recent days with the weaker European currencies by betting *on a forced devaluation.*

According to 1988 legislation on the liberalisation of capital controls, Spain, Portugal and Greece have until the end of 1992 to lift all controls.

Both Greece and Portugal may ask for the deadline to be extended until 1995 under special economic circumstances.

However, yesterday, a spokesman refused to comment on whether the EC considered the new exchange controls introduced by three member countries to be legal under the EC Treaty.

GOVERNMENT BONDS

■ FRENCH government bonds dropped on currency worries but picked up again later in the session. Dealers said most of the activity took place in the futures markets since the spreads quoted on cash bonds were too wide to attract business.

One trader at a French commercial bank said the French houses had an informal arrangement to quote especially unattractive prices for French bonds and currency to certain US houses in order to deter speculation in the currency.

Bid-offer spreads of three-quarters of a point on bonds – against 0.1 of a point normally – were cited by one house.

The franc appeared relatively resilient yesterday as both the Bank of France and the Bundesbank intervened in order to support the French currency.

The Matif futures contract fell from 108.00 to 107.70 while the 10-year bond, which opened with a yield of 8.69 per cent, ended at 8.60 per cent.

■ GERMAN government bonds ended lower, pulled down by disappointment over the fading prospects of a cut in German interest rates and poor inflation figures.

Traders said the French franc's ability to weather speculation pressure and stay above the ERM floor dashed hopes of an easing by the Bundesbank.

Market participants had hoped that the German central bank would be forced to cut interest rates in order to buoy up the franc and reduce tensions within the ERM.

The Liffe bund futures contract traded in a range of 90.70 to 91.05 and ended at around 90.87, slightly lower than the opening level.

Bond prices dipped briefly following the release of western German state inflation data yesterday. Consumer prices in Baden-Württemberg rose 3.3 per cent year-on-year and climbed 0.3 per cent from August. In North Rhine-Westphalia, prices climbed 0.3 per cent on the month and rose 3.4 per cent from September 1991.

■ SPANISH government bonds *tumbled as foreigners rushed* to sell their holdings following Wednesday's introduction of capital controls.

While the curbs were aimed at preventing speculation in the currency, traders complained it had become prohibitively expensive for bond market participants to fund their positions as a result.

The yield on the 10-year bond climbed from 13.01 per cent to 13.09 per cent yesterday.

■ UK GOVERNMENT bond prices ended the day lower or barely changed as hopes of lower German interest rates – and hence of a cut in UK interest rates – faded.

Volume in the Liffe futures contract was relatively low at about 22,000 contracts. The contract opened at 98.20 and fell to 98.01.

However, cash bonds showed little movement, with the 9 per cent gilt due 2008 gaining $\frac{1}{32}$ to trade at 98¾ in the late afternoon.

■ US TREASURY prices firmed across the maturity range yesterday morning following a bigger-than-expected increase in weekly jobless claims.

By midday, the benchmark 30-year government issue was up ⅜ at $97\frac{21}{32}$, yielding 7.440 per cent. The two-year note was also higher at midsession, up $\frac{1}{16}$ at $100\frac{1}{8}$ to carry a yield of 3.934 per cent.

Initial claims for state unemployment insurance rose by 15,000 in the second week of September.

Although the figures were affected by the impact of Hurricane Andrew, the week was shorter than usual because of the Labor Day holiday, and with car and defence companies laying off significant numbers of staff, the data confirmed that the labour market remains in a poor condition.

The bearish jobs figures helped offset the negative implications of a weakening dollar. By early yesterday afternoon, the US currency was more than a pfennig lower at DM1.4850.

■ THE yen's recent strengthening against the US dollar helped to lift Japanese government bond prices above their closing levels on Tuesday, which was the last trading day before the public holiday.

The US currency opened at a historic Tokyo low of Y119.90 to the dollar, and hit an all-time intraday low of Y119.83.

A strong yen helps to push up Japanese government bond prices because it means that it is easier for the Bank of Japan to lower interest rates

The yield on the benchmark No 145 opened at 4.79 per cent in Tokyo yesterday, against Tuesday's close of 4.865 per cent, and ended the day at 4.795 per cent.

● *The number of market-makers* in the UK government bond market has fallen to 19 following Hong Kong Bank's move this week to merge its James Capel Gilts and Greenwell Montagu Gilt-Edged businesses.

The operation will continue under the name of Greenwell, which was already among the biggest market-makers, with a market share estimated at around 15 per cent.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10 000	10/02	105.8284	-0.137	9 10	8.90	8.83
BELGIUM		8.750	06/02	100.7000	-0.050	8.63	8.63	8.99
CANADA *		*8.500*	*04/02*	*105 6000*	*+1.850*	*7.66*	*7.66*	*7 37*
DENMARK		9.000	11/00	96.1600	-0.425	9.70	9 37	9.88
FRANCE	BTAN	8.500	03/97	98.9502	-	8.76	9 00	9.64
	OAT	8.500	11/02	98.7800	-	8.67	8.64	9.09
GERMANY		8 000	07/02	103.5900	-0.075	7.47	7.51	7.87
ITALY		12 000	05/02	91 3150	-0.510	14.11†	13.96	13.82
JAPAN	No 119	4.800	06/98	100.2553	+0 357	4.75	4.95	4.77
	No 145	5.500	03/02	104 4611	-0.069	4.82	4.81	4.80
NETHERLANDS		8.250	06/02	102.9000	+0.140	7.81	7.91	8.30
SPAIN		10 300	06/02	84.4000	-2 500	13.21	12.44	12.53
UK GILTS		10.000	11/96	105-02	+3/32	8.51	9.21	9.63
		9.750	08/02	105-11	+13/32	8.82	9.16	9.50
		9.000	10/08	98-17	+4/32	9.18	9.07	9.19
US TREASURY *		6.375	08/02	98-31	-5/32	6.52	6.40	6.68
		7.250	08/22	97-17	+9/32	7.46	7.33	7.44
ECU (French Govt)		8 500	03/02	94 8000	-0.800	9.37	9.36	9.69

London closing, *denotes New York morning session Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal *Technical Data/ATLAS Price Sources*

Ecu bonds face an uncertain future

Richard Waters on the faltering performance of the Ecu market

AN ambition postponed? Mr John Major, the UK's prime minister, yesterday delivered this blunt verdict on the future of the Ecu as Europe's single currency. If he is right, then the Ecu bond market could finally be consigned to oblivion after its faltering performance of recent weeks.

The condition of the Ecu market this week has been as bad as at any time since Danish voters first punctured the politicians' optimism about European monetary union at the beginning of June.

The French referendum – the event which only a fortnight ago was expected to determine the future of the market – has come and gone, and things are no better.

Marketmakers continue to sit on large stocks of the bonds with no investors in sight. If anything, more institutions have taken to liquidating their Ecu bond holdings since the ERM crisis intensified a week ago.

As a result, liquidity has disappeared. Apart from benchmark issues such as those from the French and UK governments, trading has ground to a halt, pushing up the yield on the less-liquid bonds. The yield on Denmark's 10-year Ecu bonds, for instance, was yesterday quoted at 35 basis points above the French Ecu OAT, compared with a difference of 5 to 10 basis spread in more normal times.

The yield spread between German government bonds and the Ecu OAT speaks volumes about how far investors' sentiment has changed.

Immediately ahead of the Danish referendum, the yield spread had narrowed to as little as 61 basis points. The Ecu bond at that time was yielding considerably less than its constituent currencies.

The reason: investors hoped that when the EC reached its deadline for currency union, set by the Maastricht treaty at 1999 at the latest, some of the higher-yielding currencies would not have met the convergence criteria.

As a result, when the Ecu became Europe's new single currency it would comprise only the "core", low-yielding currencies, making it more valuable than the wider basket of all EC currencies.

That process would effectively have reversed the sort of adjustment made to the Ecu basket in 1989, the most recent of the Ecu's five-yearly adjustments. At that time, the Spanish peseta was brought in with a 5 per cent weighting and the Portuguese escudo with 1 per cent – adding 40 basis points to the yield on Ecu bonds overnight.

Since the Danish referendum, Ecu bonds yields have soared back above their *theoretical yield, reaching a spread of 50 basis points* this week. The spread over German government bonds has levelled out this week at around 180 basis points.

The Ecu's hopes are now pinned on two possible outcomes to the current crisis, both of them seemingly remote. One is that the Maastricht treaty will survive the current upheaval, and that European currencies will restart the march to union.

The other is that, if Maastricht dies, a new – and perhaps even more determined – rush to monetary union will develop with the D-Mark and French franc at its core.

If the EC were to use the Ecu as its single currency for this more limited monetary union, then holders of Ecu bonds would make a large and unexpected gain.

Such hopes still look far-fetched. Most analysts agree that such a limited currency union would adopt its own single currency, leaving the Ecu as simply a reference basket for a wider group of EC currencies.

In that case, the Ecu would never return to the position centre-stage that it enjoyed until June this year.

The result is in the hands of Europe's politicians – though Ecu investors seem already to have made up their minds.

Citicorp launches $1.33bn, five-year floating rate note issue

By Simon London

CITICORP yesterday joined the ranks of borrowers offering floating rate notes in the international bond market, launching a $1.33bn issue backed by credit card debt.

However, in contrast to the $6bn "collared" floating rate notes issued in recent weeks, yesterday's deal carries no upper limit on the interest rate paid to investors.

INTERNATIONAL BONDS

The issue, lead-manged by Goldman Sachs, was the first floating rate note deal by Citicorp under its global bond programme. The notes were issued by Standard Credit Card Master Trust 1, a special-purpose vehicle used to fund the bank's extensive credit card operation.

The five-year paper pays 30 basis points more than three-month dollar London interbank offered rate (Libor) and was re-offered to investors at a fixed price of 99.865.

At this level the discounted margin is 33 basis points over Libor. Participants said the majority of the deal was sold to US institutional investors. But the lead manager said around $300m bonds were bought by *European institutions.*

Elsewhere, the market struggled to absorb the latest batch of collared FRN issues. Dealers said that future issues may have to offer improved terms. Floating rate note issues by top-rated borrowers such as Austria and Rabobank this week have capped the interest *rate payable to investors at 8¼* per cent.

Until this month, caps of 9 per cent or more were common for borrowers of similar credit quality.

However, with European bond markets in turmoil and US interest rates close to cyclical trough, borrowers hungry for funding have few alternatives but to tap the dollar floating rate sector.

Yesterday, Bank Austria, the triple-A rated financial institution, launched a $150m fixed-rate issue lead-managed by Swiss Bank Corporation.

The lead manager said the four-year bonds, priced to yield 40 basis points more than US Treasury bonds, appealed to continental European investors, including many private individuals, unwilling to buy floating rate instruments. But the small size of the deal underlined that appetite for fixed rate dollar paper remains limited. In addition, the decision by Spain to raise the yield on its $1.5bn fixed rate issue on Tuesday, in response to turbulent market conditions, has made underwriting firms wary of bringing substantial fixed-rate issues.

Earlier fixed rate deals from the European Investment Bank and AB Spintab were postponed.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
SCCMT1(b)‡†	1.25bn	(b)	99.865	1997	32.5/25bp	Goldman Sachs Int.
SCCMT1(c)‡†	80	(c)	100	1997	-	Goldman Sachs Int.
Bank Austria(a)†	150	5.25	100.82	1996	1⅝/1½	Swiss Bank Corp
D-MARKS						
Council of Europe(a)†	100	7.75	102⅜	2002	2¼/1½	Trinkhaus & Burkhardt
SWISS FRANCS						
SNCF(d)†	150	7	104½	2004	-	Credit Suisse

★Private placement. ‡Floating rate note. †Final terms. a) Non-callable. b) Senior tranche of $1.33bn issue. Coupon pays 30bp above 3-month Libor and is payable quarterly. Non-callable. c) Junior tranche of $1.33bn issue. Coupon pays 62.5bp above 3-month Libor and is payable quarterly. Non-callable. d) Borrowers full name is 'Societe Nationale Des Chemins De Fer Francais'. Fungible with existing SFr300m issued on 31/8/92 from 8/10/92. Non-callable.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:05 pm on September 24

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABN 9 1/8 94	200	107⅞	108⅛	+⅛	4.58
ALBERTA PROVINCE 9 3/8 95	600	111½	111⅞		5.24
AUSTRIA 8 1/2 00	400	110⅛	110⅝	-⅛	6.70
[illegible]					

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
COPENHAGEN TEL 8 5/8 96 LFr	600	98½	99⅛		9.28
WORLD BANK 8 96 LFr	1000	96¼	97¼		9 08
ENERGIE BENEER 8 3/4 98 Fl	500	101½	102		8.42
[illegible]					

DEUTSCHE MARK STRAIGHTS [illegible]

SWISS FRANC STRAIGHTS [illegible]

YEN STRAIGHTS [illegible]

FLOATING RATE NOTES (Issued, Bid, Offer, C.cpn) [illegible]

CONVERTIBLE BONDS (Issued, Cnv. price, Bid, Offer, Prem.) [illegible]

* No information available - previous day's price
† Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price, the amount issued is in millions of currency units. Chg. day = Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn = The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	41	27	9
Other Fixed Interest	1	8	6
Commercial, Industrial	405	209	811
Financial & Property	305	79	418
Oil & Gas	19	21	45
Plantations	0	0	9
Mines	12	32	105
Others	23	52	38
Totals	806	428	1,441

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Am'nt Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price p	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
100	F.P.	–	99	90	Birkby	94		L5.25	–	7.4	–
100	F.P.	–	118	95	Broadgate Inv Trust	95		–	–	–	–
–	F.P.	–	33	30	Do Warrants	33		–	–	–	–
–	F.P.	–	13	7	Dartmoor Warrants	12		–	–	–	–
–	F.P.	–	32	19	Dwyer A	19		–	–	–	–
–	F.P.	–	91	79	European Smaller Co's.	81		–	–	–	–
–	F.P.	–	23	18	Do Warrants	19		–	–	–	–
–	F.P.	–	150	145	Finsbury Smlr Co's Zero Pf	149		–	–	–	–
♠	F.P.	–	495	490	SHIRESCOT	495		–	–	–	–
■	F.P.	–	1700	1700	TR Technology Units	1700		30.15	–	2.4	–
–	F.P.	–	14	10	Throg 1000 Smlr Co's Wts	12		–	–	–	–
–	F.P.	–	16	12	Yorkshire TV Warrants	13		–	–	–	–

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price £	+ or -
100p	*F.P.*	-	*110p*	*105¼p*	*Fulcrum Inv Tst Zero Div Pf*	*108p*	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price p	+ or -
115	Nil	22/10	2pm	¼pm	Bibby	¼pm	
5	Nil	5/10	1pm	1pm	§Embassy Property	1pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. x Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. § Issued by way of capitalisation. ‡ Introduction. § Placing price. †† Reintroduction. ¶ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. ■ Units comprising 4 Ords. and 7 Zero Div. Prefs. and 4 Stepped Pref shares. ♠ Units comprising 5 Ords. and 1 Warrant.

TRADITIONAL OPTIONS

● First Dealings Sept. 14
● Last Dealings Sept. 25
● Last Declarations Dec. 10
● For settlement Dec. 21

3-month call rate indications are also shown on this page.

Calls in BTR warrants '93/94, Crown Eyeglass, Hardy Oil, Kunick, Oliver Res., Owners Abroad and Premier Cons. Puts in Cannon Street Invs., Kalon and Legal & General. Double in BET.

LIFFE EQUITY OPTIONS

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
Alld Lyons (*637)	600	42	55	67	8	19	24
	650	14	28	40	31	43	48
	700	4	13	22	70	80	84
ASDA (*30)	25	6½	8½	9½	1½	2	3½
	30	3	5	6	3	4½	6
	35	1	3	4½	7	7	9
Brit. Airways (*293)	280	22	32	39	5½	15	18
	300	10	22	29	15	25	27
	330	3½	10	17	38	44	46
SmKl Beecham A (*491)	475	27	43	–	9	19	–
	500	13	29	40	21	30	35
	550	3½	12	20	64	65	67
Boots (*495)	460	44	57	67	5	12	17
	500	17	32	44	17	29	34
B.P (*223)	220	11½	19	23	7	15	15½
	240	4	10	14½	20	25	28
British Steel (*63)	60	5½	8	12	4	7	8
	70	3	5½	7	10	12	13
Bass (*577)	550	42	50	68	10	20	25
	600	12	25	38	30	45	52
C & Wire (*609)	600	25	45	60	18	31	37
	650	6½	23	34	50	59	65
Courtaulds (*519)	500	36	50	60	11	24	28
	550	9	25	35	39	48	52
Com. Union (*519)	500	33	49	56	6½	14	25
	550	6½	22	29	32	42	52
Fisons (*185)	180	17	28	34	12	23	27
	200	8½	20	26	24	34	40
GKN (*391)	390	12	26	33	13	21	32
	420	3	14	20	38	39	50
Grand Met. (*453)	450	18	61	–	13	10	–
	475	8½	43	–	28	19	–
I.C.I. (*1212)	1200	41	89	100	27	46	71
	1250	20	61	77	56	70	100
Kingfisher (*548)	500	57	73	86	5	13	19
	550	20	43	56	20	33	38
Ladbroke (*183)	180	11	20	28	15	21	27
	200	4½	14	20	30	36	39
Land Secur (*390)	390	12	20	26	10	18	22
	420	2½	8	14	35	40	42
M & S (*337)	330	16	28	36	10	16	20
	360	5	15	22	27	32	36
Sainsbury (*457)	420	46	55	65	3	8	11
	460	14	29	37	15	21	25
Shell Trans (*534)	500	40	54	55	3	8	16
	550	6½	22	25	23	30	39
Storehouse (*157)	140	22	26	28	4	5	8
	160	7½	15	17	8	13	16
Trafalgar (*57)	50	10	15	17	4	8	11
	60	4½	10	12	8½	13	17
Utd. Biscuits (*309)	300	14	23	29	10	16	26
	330	3	11	15	32	38	44
Unilever (*1044)	1000	52	68	94	8	25	31
	1050	30	45	63	30	50	55

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
Brit Aero (*127)	120	30	41	42	18	40	37
	130	24	37	38	23	44	45
	140	21	33	32	30	35	45

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
BAA (*702)	650	66	77	95	9	18	24
	700	34	47	66	25	38	42
	750	12	27	42	55	68	71
BAT Inds (*852)	800	64	89	97	12	26	40
	850	42	60	69	29	47	63
	900	19	41	53	66	76	91
BTR (*491)	460	43	57	61	6½	12	19
	500	17	32½	39	21	29	36
	550	3½	13	19	61	63	67
Brit. Telecom (*358)	330	35	40	45	4	9	12
	360	14	22	28	14	21	24
Cadbury Sch (*458)	420	50	63	68	4½	10	16
	460	23	37	42	17	23	32
Eastern Elec (*352)	350	19	30	37	13	21	24
	370	10	20	27	25	32	35
Guinness (*566)	550	42	52	57	24	30	31
	600	16	30	39	47	50	57
GEC (*239)	220	24	27	32	3	6	8
	240	10½	15	21	9	14	16
Hanson (*222)	220	11	16½	19	7	11	14½
	240	4	8	11	20	23	25½
LASMO (*163)	160	19	27	30	12	18	24
	180	10½	19	21	24	29	34
Lucas Inds (*95)	90	10	14	16	10	14	16
	100	6	10	12	16	21	24
P. & O. (*390)	390	28	45	52	26	38	50
	420	17	33	40	49	57	67
Pilkington (*92)	90	10½	15	19	8	12	14
	100	7	11	15	13	18	21
Prudential (*270)	260	20	28	32	7	11	15
	280	8½	17	21	17	20	25
R.T.Z. (*637)	600	55	76	80	11	19	30
	650	25	46	54	30	41	54
Scot. & New (*432)	420	29	28	45	12	18	24
	460	10	18	26	36	41	45
Tesco (*221)	220	11½	21	26	9½	16	19
	240	5½	12	17	26	28	32
Thames Water (*425)	420	19	27	35	14	18	21
	460	4½	13	18	42	45	48
Vodafone (*325)	300	37	45	53	7	14	18
	330	18	28	36	19	28	32

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
Abbey Nat. (*314)	300	27	35	37	8	16	18
	330	11	18	23	24	30	32
	360	3½	9	14	50	50	54
Amstrad (*27)	20	9½	10½	11½	1½	3	3½
	25	6	7½	8	3	5	5½
	30	3	4½	6½	6	8	8½
Barclays (*363)	330	46	53	55	6½	14	18
	360	22	32	35	19	28	33
	390	13	18	–	37	47	–
Blue Circle (*160)	140	30	35	38	6½	9½	14
	160	18	24	26	16	18	24
	180	11	15	17	28	30	30
British Gas (*244)	240	12	19	19½	12	14	21
	260	5	10	11½	26	27	32
Dixons (*225)	220	22	31	36	13	18	21
	240	12	20	27	24	29	32

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
Eurotunnel (*407)	390	47	63	72	28	37	41
	420	33	50	62	47	56	65
Glaxo (*777)	750	71	93	114	30	47	57
	800	45	68	90	53	70	80
Hillsdown (*78)	70	17	20	22	7	11	15
	80	11	15	17	13	16	22
Lonrho (*72)	70	9½	13	16	5½	8½	10
	80	5	9	11½	11	14	15
HSBC (75p shs) (*407)	390	37	50	57	18	28	35
	420	23	36	42	35	45	50
National Power (*263)	260	18	25	31	12	16	18
	280	10	17	22	23	27	29
Reuters (*1245)	1200	115	153	173	48	67	82
	1250	80	127	147	85	90	105
R. Royce (*136)	130	13	18	18	6½	10	12
	140	8	13	13	12	17	17½
Scottish Power (*177)	170	14½	–	–	3½	–	–
	180	8½	11	13	8	11	12½
Sears (*74)	70	8½	10	12	6	7	9½
	80	4	7	8	11	13	15
Forte (*149)	140	19	26	29	11	15	22
	160	11	17	20	23	27	33
Thorn EMI (*785)	750	65	78	94	20	30	36
	800	34	49	65	45	54	59
TSB (*131)	130	10½	15	16	8	11	14
	140	6	9	12	14	18	19
Vaal Reefs (*533)	30	7½	8	8½	1½	3	4
	35	4½	5	5½	4	6	6
Wellcome (*957)	950	67	95	115	52	68	80
	1000	45	73	93	80	97	107

EURO FT-SE INDEX (*2611)

	2425	2475	2525	2575	2625	2675	2725	2775
CALLS								
Oct	225	180	138	98	65	38	22	10
Nov	253	210	170	132	102	75	52	32
Dec	275	–	195	–	128	–	75	–
Mar	313	–	240	–	178	–	127	–
Jun	350	–	278	–	215	–	160	–
Sep	385	–	317	–	255	–	210	–
PUTS								
Oct	11	14	19	29	45	70	98	139
Nov	22	27	35	47	63	85	113	148
Dec	25	–	45	–	73	–	120	–
Mar	47	–	68	–	100	–	143	–
Jun	55	–	80	–	110	–	150	–
Sep	67	–	90	–	120	–	158	–

FT-SE INDEX (*2611)

	2400	2450	2500	2550	2600	2650	2700	2750
CALLS								
Oct	250	203	158	115	76	47	27	16
Nov	273	228	187	150	113	83	59	40
Dec	300	253	210	173	140	108	83	60
Jan †	308	267	230	192	160	129	103	72
Jun	370	–	300	–	230	–	175	–
PUTS								
Oct	7	9	14	23	36	59	92	132
Nov	17	20	28	40	57	80	109	144
Dec	22	30	38	50	68	90	117	150
Jan †	30	37	49	62	77	100	125	150
Jun	50	–	75	–	110	–	155	–

September 24 Total Contracts 31,541
Calls 20,573 Puts 10,968
FT-SE Index Calls 3,264 Puts 4,072
Euro FT-SE Calls 470 Puts 1,231
*Underlying security price. † Long dated expiry months
Premiums shown are based on closing offer prices.

TRADITIONAL OPTION 3-month call rates

■ INDUSTRIALS	p
Allied-Lyons	47
Amstrad	4
Aslec (BSR)	3½
BAT Inds	60
BOC	49
BTR	35
Barclays	26
Blue Circle	19
Boots	31
Bowater	56
Brit Aerospace	30
British Steel	8
BT	25
Cadburys	35
Charter Cons.	44
Comm Union	42
Courtaulds	38
Eurotunnel	32
FKI	8
FNFC	6
Forte	17
GKN	33
Gen Accident	40
GEC	17
Glaxo	15
Grand Met	34
GRE	13
Hanson	15
ICI	85
Ladbroke	20
Legal & Gen	27
Lex Service	19
Lloyds Bank	34
Lonhro	8
Lucas Inds	11
Marks Spencer	25
NatWest Bank	26
P & O Dfd	32
Racal Elect	6
RHM	14
Rank Org	42
Ratners	2½
Reed Intl	42
Sears	7
SmKl Bchm A	34
TI	26
TSB	11½
Tesco	17
Thorn EMI	56
T & N	15
Unilever	75
Vickers	9
Wellcome	71
■ PROPERTY	
Brit Land	15
Land Sec.	32
MEPC	22
■ OILS	
Aviva Pet	6
BP	22
Burmah Castrol	56
Conroy Pet	6
Gaelic Res	½
Premier Cons	2½
Shell	42
Tuskar Res	½
■ MINES	
RTZ	50

COMPANY NEWS: UK

Slight reduction in margins confirms Tesco's view of recession hitting grocery sector

Wm Morrison rises 34% to £36.2m

By John Thornhill

WM Morrison Supermarkets, the Bradford-based grocery chain, continued its resilient run of results by posting a 34 per cent increase to £36.2m in interim pre-tax profits.

The improvement from last time's £27m resulted from the contribution of three stores opened during the period and a £4.5m reversal in its interest position, from £2.7m payable to £1.8m receivable, following the cash inflow from last year's £97.6m rights issue.

Sales in the 26 weeks to August 1 grew 17 per cent to £623.5m.

However, net operating margin dropped a shade to 5.8 per cent as increases in staff costs and overheads outstripped the rate of sales growth, confirming the view given earlier in the week by Tesco that recession has finally caught up with the food retailing sector.

Mr Ken Morrison, chairman, continued to adopt a cautious stance in view of the low level of food price inflation and the general state of the economy.

"I believe it is prudent to regard the present conditions as likely to be with us permanently and face up to the situation and manage our business accordingly," he said.

During the period Morrison opened superstores at Beverley, Walsall and Mansfield and will open another three in the second half.

The company's existing 53 stores contributed 4.3 percentage points to the overall 17 per cent sales gain.

Mr Martin Ackroyd, finance director, said staff costs as a percentage of sales had increased from 8.9 per cent to 9 per cent and overhead costs from 4.1 per cent to 4.3 per cent as the company strove to maintain its standards of service.

"We always work on the basis that however tough it is it is going to get a bit worse," he said.

Next year Morrison will continue its aggressive opening programme with seven superstores expected to come on stream with eight more in 1994. Morrison is adding new space as a percentage of its total selling area at a faster rate than a any of its bigger national rivals.

The company's depreciation charge rose by 43 per cent as the company became the first food retailer to begin depreciating the value of its sites. Borrowings stood at £19.8m at the end of the period with gearing *having fallen from 48.6 per* cent to 5.7 per cent.

Fully diluted earnings per share rose 11 per cent to 3.03p. The interim dividend is lifted 20 per cent to 0.16p.

See Lex

Trafalgar to appoint two more non-executives

By Roland Rudd

TRAFALGAR HOUSE, the property, engineering and construction group, has decided to appoint two more non-executive directors in response to criticism from institutional shareholders.

The group yesterday confirmed that the board, which met on Wednesday, had decided to beef up its non-executive directors. While the group has been looking to increase the number of non-executives for some time it is now treating the matter with some urgency in light of shareholder unease with the group's performance.

Sir Nigel Broackes, chairman, is understood to have drawn up a list of suitable candidates and hopes to announce the new appointments by the end of the year.

The group's three non-executive directors are Mr Tony Ryan, chairman of GPA Group, the aircraft lessor which is trying to raise finance after its flotation was aborted, Mr David Howell, the Conservative MP and Mr Alan Clements *a retired senior ICI director who has a* string of non-executive directorships.

Some of Trafalgar's biggest shareholders have told the group that they expect the new independent non-executives to decide whether the present management is able to halt the slide in *the group's share price.*

In June 1991 the group raised £310m with a rights issue priced at 190p a share to fund the acquisition of Davy Corporation. Since then the shares have collapsed to a low of 45p.

Yesterday they closed 7½p up at 57½p.

After Trafalgar's board meeting this week directors were adamant that there would be no changes at the top.

However, four of the group's 10 biggest shareholders said they believed new non-executives would be in a better position to decide whether or not there should be any managerial changes.

One institutional shareholder said: "Shareholders are not in a position to *know who is to blame for what has* happened. I hope new non-executive directors will be able to make a judgment about who is to blame and whether there should be any managerial changes."

The message from Trafalgar's directors is that the group is determined to improve its communications with the City and avoid the previous criticisms of its accounting when it announces its *full-year results in December.*

Trafalgar House's accounts have been criticised by shareholders for their liberal use of write-downs, revaluations and reclassification of properties.

A Trafalgar executive said: "We will *provide* more detail and explanation in our accounts than ever before."

Berkertex businesses sold to Wm Baird

By Peter Pearse

WILLIAM BAIRD, the textiles and engineering company, has acquired most of the rest of Berkertex Holdings that the *receiver had not previously* sold. The combined turnover of the acquired businesses was £29.1m in the year to January 1992.

The price was not revealed, but Baird said that it "reflected the forced nature of the sale". Conversely, Touche Ross, the receiver, said that the amount reflected "the attractiveness of the businesses".

Last week, the receivers at the last minute and in a fairy godmotherly way, agreed to supply dresses ordered from the collapsed company for the Queen Charlotte's Ball in London.

Mr Andrew Mills-Baker, Baird's finance director, said *that the acquisition was* a good fit with his company's current operations and filled gaps in the women's wear market that it did not already cover.

The same *also* applied to the bridal wear segment – Berkertex Bridal, which operates at the upper end, will be run by Baird's Bridal Fashions, which leans towards the lower. Baird's Windsmoor Group, which makes smart everyday women's wear, will operate Berkertex Dress, which makes formal women's wear, and Genesis, which makes smart casual wear.

Mr Mills-Baker said that the acquisition was a good opportunity for his group. Baird had been able to pick and choose what it wanted – it only bought two of the Berkertex shops (Bond Street, London and Nottingham), leaving the remaining 14 with the receiver. It had picked up most of the shops-within-shops in the UK and 26 in Spain, where Windsmoor also has concessions.

Furthermore, Baird had bought the goodwill and the trademarks of famous brand names, as well as the stock at a discount. With those advantages and the opportunities for running the acquired businesses without overheads rising proportionally, Mr Mills-Baker said he was pleased to have outbid the other interested companies, both UK and non-UK.

Philip Green quits as Amber Day's £7.53m disappoints

By Andrew Bolger

THE CONTROVERSIAL career of Mr Philip Green as chairman and chief executive of Amber Day ended yesterday when the discount retailer announced unexpectedly poor results.

Mr Green, 40, said he had resigned from the board and would cease all executive functions within the group, which reported annual pre-tax profits of £7.53m. It was well below the forecast of at least £10.1m made as recently as mid-June, when downgrading analysts' expectations of £14m-£15m.

Amber Day's shares collapsed from a peak of 129p last November following a series of bear raids and newspaper stories about Mr Green's business associates and commercial deals. The shares yesterday closed 1p higher at 35p.

Mr Green said all the claims had been investigated by the company's advisers and found to be groundless. However, the board announced in June that *Mr Green intended to split his role with an independent chair*man, after the resignation of the group's finance director and only non-executive director, both within a year of joining the group.

Amber Day's advisers, including bankers Samuel Montagu and stockbrokers Smith New Court, insisted on the quality of the group's underlying business, the Glasgow-based discount chain What Everyone Wants, which it bought in 1990 for £46.7m.

The line that Amber Day's problems were merely to do with corporate governance could not stand the strain of the surprise drop in sales and profits, which proved the last straw for the group's advisers and main shareholders.

One adviser said the board, including Mr Green, recognised that he would have to go in order to salvage any of the group's hugely diminished credibility. Mr Green still owns 10 per cent of the group, which has seen its market value drop from £158m to £43m at last night's close.

Mr Green said the company had suffered from a lot of undeserved publicity, which was causing management of the business such distraction that he believed it was right for him to stand down.

Mr David Thompson, who joined as finance director in July, has temporarily assumed the roles of chairman and chief executive. The board said it intended to appoint a new chairman, chief executive and at least one non-executive director as soon as possible.

Total group turnover fell from £103.1m to £96.5m in the year to August 1. The group blamed the profits shortfall on over-optimistic sales forecasts which required markdowns to clear stock. Sale of the mens' wear division caused an extraordinary charge of £5.99m.

Earnings per share fell from 6.81p to 3.87p. The final dividend of 2p gives a total for the year of 3.1p, compared with 2.7p.

Sharp fall to £1.3m at Hopkinsons

PRE-TAX profits of Hopkinsons Group, the industrial valve and hydraulic equipment maker, showed a marked decline, from £3.02m to £1.34m, in the six months to end-July. The shares closed 7p lower at 32p.

The pre-tax figure was struck after an interest charge of £608,000, against income of £1.29m, and an exceptional provision of £600,000 for redundancy costs in the gas division.

Mr Ralph Goodall, chairman, said last year's interest income had been eliminated on the purchase of Carbo in October last year. Borrowing had increased, he added, but gearing, at 41 per cent, remained within acceptable limits.

Turnover jumped to £51.3m (£18.7m) reflecting a full six months' contribution from Carbo. Group operating profits improved by 48 per cent to £2.6m (£1.7m).

Mr Goodall said there was currently no sign of an upturn in the group's main markets and the timing and extent of any recovery remained uncertain, with no expectation of significant improvement within the next 12 months.

The interim dividend is reduced to 0.9p (1.2p), payable from earnings of 1.4p (3.18p) per share.

United Newspapers achieves 20% advance

By Raymond Snoddy

UNITED Newspapers, publishers of the Daily and Sunday Express, yesterday announced a 20 per cent increase in pre-tax profits to £46.5m in the first six months of the year.

Lord Stevens, chairman, noted yesterday that the improved trading performance had been achieved in the absence of any economic growth.

"The results were due to the resilience of strong market positions and stringent management of costs," he said.

Mr Graham Wilson, managing director, said the results showed that "we really can manage this business in difficult times and we really ought to have credit for that".

Apart from general pressure on margins United Newspapers was helped by a 25 per cent drop in interest charges from £14.6m to £11m.

About three quarters of the reduction was the result of lower interest rates on US debt with the other quarter coming from a reduction in debt level. The newspaper group also benefited from reduced newsprint prices.

There was also considerable progress in national newspapers. In the six months to August, the Sunday Express – which went tabloid in July – showed a year-on-year increase of 6 per cent in circulation in a Sunday market which fell by 2 per cent.

The Daily Express maintained its share of a market which shrank by 2 per cent. Overall an increase in advertising revenue helped Express newspapers to a profit improvement of about 50 per cent.

Mr Derek Terrington, media analyst at stockbrokers Kleinwort Benson, said yesterday: "Overall you have to call this a good result." It was as if, he believed, the company had finally fought free from what he believed were the expensive acquisitions of Fleet and Extel.


Lord Stevens: a good overall performance

With 55 per cent of its revenue advertising dependent United was now "a textbook recovery story, as and when you get a recovery."

Mr Terrington says he is now expecting pre-tax profits of £96m for the full year.

Turnover rose marginally from £411m to £416m. Earnings per share rose from 11.8p to 14.2p and the interim dividend is unchanged at 7.5p.

Lord Stevens said he believed the overall performance was good in such difficult circumstances.

"It is too early to take a view about the results for the year as a whole but if we continue to trade as successfully as in the first half then it should be possible to improve on last year's second half performance," Lord Stevens said.

The company was not assuming any growth this year either in its UK or US markets.

The shares rose 16p to close at 425p.

See Lex

Exceptionals add to losses at DY Davies

By Walton Morais

AN 88 per cent increase in exceptional items further depressed losses at DY Davies in the year to April 30.

Pre-tax losses of this USM-quoted architect surged from £543,000 to £1.67m.

The £950,000 exceptional charges were for costs associated with surplus property, bad debts, redundancies, and disposal of fixed assets.

Mr David Davies, chairman, said he was optimistic that the majority of the company's high level of excess office space resulting from staff reductions during the year would be removed and costs borne in the current financial year.

Mr Davies, who said the company's performance was affected by the severe recession hitting the construction industry, also announced that board members have agreed to accept salary reductions amounting to an average of 25 per cent in the current year.

Turnover fell 30 per cent to £7.29m. An increase in operating losses to £430,000 (£349,000) was partly offset by a reduction in interest charges to £287,000 (386,000).

Mr Davies said the company had secured a rescheduling of £1.3m of its bank borrowings, or 50 per cent of total debt, to long-term finance repayable in three to 10 years.

Losses per share jumped to 21.8p (5.5p).

Royal Bank

Royal Bank of Scotland, via its US subsidiary, Citizens Financial Group, has acquired Plymouth Five, a Massachusetts-based savings bank.

NEWS DIGEST

Yule Catto 4% ahead at £10.2m

IN SPITE of the effects of the continuing resession in its markets, Yule Catto, the industrial chemicals and building products group, showed a 4 per cent improvement in the six months to June 30.

Pre-tax profits were £10.2m, against £9.87m last time, and were struck on turnover down by £1.3m to £126m. The result was helped by a lower interest charge of £1.04m (£1.76m).

Directors said the speciality chemicals operations had performed strongly, with sales and profits increasing by 4 per cent and 8 per cent respectively. However, "unsurprisingly", the building product companies had experienced tough trading conditions, they added.

An interim dividend of 2.5p (2.3p) is declared, covered three times by earnings per share of 7.5p (7.2p).

Since the start of the current year two small acquisitions have been made, both of which have been fully integrated within existing operations, the company said.

Headline advances 60% to £0.6m

Tight control of overheads and increased sales through booksellers and book clubs enabled Headline Book Publishing to increase interim pre-tax profits by 60 per cent from £378,000 to £604,000.

Sales in July and August were 34 per cent ahead of last year and the company said that the second half would be helped by two acquisitions in April and July. It added that the plan to increase its new book programme from 300 to 400 titles in the year was on schedule.

Turnover for the first half of 1992 increased 20 per cent to £5.3m (£4.42m) and earnings per share came out at 3.6p (3.2p). An interim dividend of 1.5p is declared. Last year there was a payment of 0.5p for the period from flotation in April to the end of June.

Norman Hay turns in £393,000 deficit

Despite directors' "best efforts to contain losses", Norman Hay, the engineering group, reported a pre-tax deficit of £393,000 for the six months to end-June.

The outcome compared with a profit of £85,000 last time and with a loss of £2.16m at the December year end. Turnover fell to £4.2m (£5.56m).

The company said the loss had resulted from difficulties encountered in combining its Heathrow operations with the Coventry businesses during "the most prolonged and severe recession in living memory".

Directors added that they were unable to view the economic outlook for the country with any degree of optimism and expected the loss reported to increase for the full year.

Losses per share came out at 1.8p (earnings 0.4p). The directors consider it imprudent to pay an interim dividend – 0.5p was paid last year – but said they would review the circumstances at the year end.

Improved six months for Highcroft Trust

Highcroft Investment Trust, which deals in property and securities, lifted pre-tax profit from £420,000 to £464,000 in the first half of 1992.

Gross rents improved to £432,000 (£400,000) despite an increase in arrears affecting commercial properties.

At June 30, investments were listed at £3.83m (£3.53m at end-December) against a book value of £1.47m (£1.29m).

Earnings per share came out at 5.84p (5.38p) and the interim dividend is raised to 1.8p (1.65p).

Assets and revenue decline at Tor Trust

Net asset values at Tor Investment Trust declined over the 12 months to July 31.

On the income shares the figure fell from 151.1p to 131.52p, and on the capital shares from £11.33 to 961.39p.

Gross income totalled £2.16m (£2.4m) and net revenue worked through at £1.33m (£1.65m).

Earnings per income share were 32.77p (40.78p) and the final dividend is 10p for a total of 40p (39p). The trust is forecasting a maintained total for the current year.

Earnings on the capital shares were 3.277p (4.078p) and the dividend is 4p (3.9p).

Ecu Trust net asset value at 58.7p

Net asset value per share for the Ecu Trust increased from 51.6p at June 30 1991 to 58.2p at August 31 1992.

Net revenue for the year to June 30 was £326,000 (£506,000 for 11 months to June 30 1991). Earnings per share came out at 1.09p (1.69p) and a single final payment of 1p is proposed. Last time 1.3p was paid including a special dividend of 0.3p.

Atlas Converting declines 26%

Reduced operating profit, coupled with higher interest charges, meant Atlas Converting Equipment showed a drop of 26 per cent in pre-tax profits for the first half of 1992.

From turnover of £20.6m (£21.5m), operating profit came to £2.54m (£3.07m). Interest costs were £267,000 (£13,000). Earnings per share were 18.4p (24.6p) and the interim dividend is again 7p.

Mr Christopher Rogers, chairman, said turnover was lower than anticipated as a result of a technically difficult mix of machines.

Output for the second half would be higher than for the first, he said, and added that orders for 1993 and prospects also showed signs of improvement.

"With 90 per cent of our output exported, the recent effective devaluation of the pound will give us a strong competitive edge and this further increases our confidence."

Substantial rise in losses at Era

Era Group, the retailer and distributor, incurred a seasonal loss of £1.66m in the half year to June 30, compared with £951,000.

Mr Tony Fay, chairman, described the result as in line with expectations and satisfactory in the economic conditions.

He pointed out that the year's results were dependent on November and December trading – last year the group made £2.17m pre-tax profit. He said a return of consumer confidence was still awaited, but the group had moved ahead significantly over the past 18 months with new stores, designs and products.

The group trades in models and toys, photographic, video and related electronics, and console and computer based games. Turnover this time came to £29.3m (£28.7m) on which gross margins were slightly lower partly because of competitive pressures.

Losses per share were 2.07p (1.28p). The cumulative preference dividend, absorbing £96,000, has been passed.

Throgmorton Dual halves final dividend

Throgmorton Dual Trust saw its net asset value per capital share fall from 652.7p to 581.28p over the year to the end of July. The income share net asset figure was 26.83p (30.4p).

In the 12 months to July 31 net revenue was £1.61m (£1.94m) for earnings per share of 7.02p (8.41p). A halved final dividend of 1.75p is recommended for a total of 7p (8.75p).

Caverdale incurs £272,000 deficit

Caverdale, the motor and engineering trade consumables group, yesterday announced pre-tax losses of £272,000 for the six months to end-June.

This compares with profits of £247,000 for the comparable period last year and with losses of £305,000 at the December year end.

The pre-tax figure was struck after an exceptional charge of £112,000 (£332,000 gain) relating to the costs of an abortive acquisition.

Turnover fell 13 per cent to £4.77m *and losses per share* were 0.31p (earnings 1.87p).

SWP at £30,000 and passes dividend

*SWP Group, the Worcester*shire-based building components supplier, reported pre-tax profits of £30,000 for the year to June 30, against £826,000. The usual single final dividend is being passed.

However, as a result of cost cutting and efforts to expand in niche areas, Mr Robert Stickings, chairman of the USM-quoted company, said that an improvement was expected in the present year. Figures from the first two months supported his view.

Turnover fell 25 per cent to £7.74m (£10.3m). Earnings per share were 0.1p, compared with 2.2p last time when there was a final dividend of 0.6p.

Net assets slip at Murray Ventures

The net asset value per share of Murray Ventures, the Edinburgh-based investment group, stood at 286.2p at the July 31 year end, against 305.8p a year earlier.

Directors said it had been a record year for unlisted disposals with £15.7m realised for a net gain on cost of £7.5m.

Net revenue increased to £3.02m (£2.98m) and earnings per share came out at 12.2p (12.04p). A same-again final dividend of 6.9p is proposed to maintain the total at 10.3p.

Orbicom agreement with creditors

Orbicom, the private Anglo-Soviet trading group yesterday worked out a company voluntary arrangement with UK creditors owed £1.3m.

Creditors have agreed a business plan which, if successful, would mean they would be paid off by cashflow obtained from engineering projects in Siberia and a Moscow contract for a waste recycling plant. The arrangement runs for a year.

PUBLIC WORKS LOAN BOARD RATES

Effective September 23

Years	Quota loans* EIP†	AP††	maturity§
1			8⅜
Over 1 up to 2	8½	8½	8¾
Over 2 up to 3	8⅝	8⅝	8⅞
Over 3 up to 4	8¾	8¾	9⅛
Over 4 up to 5	8⅞	8⅞	9¼
Over 5 up to 6	9	9	9⅜
Over 6 up to 7	9	9⅛	9⅝
Over 7 up to 8	9⅛	9⅛	9¾
Over 8 up to 9	9⅛	9⅜	9⅞
Over 9 up to 10	9⅜	9⅜	10
Over 10 up to 15	9¾	10	10⅜
Over 15 up to 25	10¼	10⅜	10½
Over 25	10½	10½	10½

*Non-quota loans A are 1 per cent higher and non-quota loans B 2 per cent higher in each case than quota loans. †Equal instalments of principal. †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Amber Day ....fin	2†	Dec 18	1.8	3.1	2.7
Anglia TV ....int	2.86	Nov 17	2.86	-	9.26
Antofagasta ....int	6	Dec 7	6	-	19
Appleyard ....int	2.6	Nov 6	2.6	-	7.8
Atlas Converting ....int	7	Nov 16	7	-	21
Black (A&C) ....int	4.25	Oct 27	4.25	-	13
Ecu Trust ....fin	1	Nov 16	1	1	1.3♥
EFM Dragon ....fin	0.06	Nov 19	0.06	0.06	0.06
Hampden § ....int	0.2	Nov 27	0.2	-	2
Havelock Europa ....int	nil	-	1.5	-	1.5
Hay (Norman) ....int	nil	-	0.5	-	1.14
Headline Book ....int	1.5†	Oct 30	0.5☆	-	3
Highcroft Inv ....int	1.8	Nov 5	1.65	-	4.5
Hopkinsons ....int	0.9	Nov 30	1.2	-	3.7
Lambert Howarth ....int	4.25	Nov 6	4	-	12.5
More O'Ferrall ....int	3.2†	Nov 13	3.2	-	13.2
Morrison (Wm) ....int	0.16†	Nov 2	0.133*	-	0.667*
Murray Ventures ....fin	6.9	Nov 25	6.9	10.3	10.3
Ricardo ....fin	3.8	Nov 30	3.8	5.7	5.7
Rutland Trust ....int	0.27	Nov 30	0.27	-	0.8
Spring Ram ....int	0.103	Dec 4	0.086	-	0.286
SWP § ....fin	nil	-	nil	0.6	0.6
Throgmorton Dual ....fin	1.75	Nov 20	3.5	7	8.75
Tor Inv Capital ....fin	4	Nov 12	3.9	4	3.9
Tor Inv Income ....fin	10	Nov 12	10.5	40	39
TV-am ....int	4	Nov 12	4	-	14
Utd Newspapers ....int	7.5	Nov 13	7.5	-	21
Vickers ....int	0.5	Nov 4	3.7	-	6
Whatman ....int	3.1	Nov 12	2.9	-	8.7
Yule Catto ....int	2.5	Nov 18	2.3	-	5.4

Dividends shown pence per share net except where otherwise stated. *Adjusted for scrip issue. †On increased capital. §USM stock. ☆For 10 weeks. ♥For 11 months and including 0.3p special.

BOARD MEETINGS

TODAY

Interims- Central ITV, Clayform Props, Doneton Tyson, Foreign & Col Pacific Inv Trust, Garton Eng, HTV, Jacks (Wm), Korea Liberalisation Fund, McLaughlin & Harvey, Molins, Mowlem (J), Wembley.

Finals- Ardagh, Fortnum & Mason, Headway, Honeysuckle, Sheldon Jones, Waterman Partnership.

FUTURE DATES

Interims-

Aran Energy	Sep. 30
Ash & Lacy	Oct. 2
Barlows	Oct. 15
Blockleys	Sep. 30
Brent Walker	Sep. 30
Cambridge Isotope	Sep. 30
Country Casuals	Oct. 8
Densitron Intl	Oct. 1
Derwent Valley	Oct. 8
Dolphin Packaging	Oct. 2
FKI	Nov. 12
Global	Sep. 29
Hi-Tec Sports	Oct. 15
Jove Inv Trust	Sep 30
Lamont	Oct. 9
Linread	Sep. 28
London Atlantic Inv Trt	Oct. 22
Marston Thompson	Nov. 25
Metsec	Sep. 30
Northern Electric	Dec. 10
Ramco Oil Services	Sep. 30
Ratners	Sep. 30
Reed Executive	Oct. 2
Sears	Sep. 29
Smurfit (Jefferson)	Sep. 29
Sykes-Pickavant	Sep. 30
T&S Stores	Sep. 29
Tilbury Douglas	Oct. 8
Wilkes (James)	Oct. 2

Finals-

Allied Leisure	Oct. 7
Barry Wehmiller	Oct. 6
Beckman (A)	Oct. 1
Birkby	Sep. 30
Halstead (James)	Oct. 7
Liocat	Sep. 30
Lucas Inds	Oct. 12
Manchester United	Oct. 6
Prestwick	Sep. 29
Prior	Sep. 30
Renishaw	Oct. 7
Sinclair (Wm)	Oct. 13
Thorpe (FW)	Sep. 29
Yorkshire-Tyne Tees TV	Oct. 15

Results lifted by strong growth in kitchens where sales rose 19%

Spring Ram jumps to £18.4m

By Jane Fuller

A STRONG performance from its kitchens division helped Spring Ram Corporation increase first-half pre-tax profit by 13 per cent, from £16.3m to £18.4m, against the trend in the building and home improvements market.

The share price gained 10p to close at 143p.

Turnover rose by 17 per cent to £101.5m (£86.9m). Earnings per share advanced to 3.5p (3p) and the interim dividend goes up 20 per cent to 0.103p (0.086p).

Mr Stuart Greenwood, financial director, said sales rose by 19 per cent in the kitchens division. The driving force for the profit growth was the 500,000 sq ft Scunthorpe factory. After breaking into profit for the first time last year, the performance was improving rapidly through greater utilisation of capacity.

The bathroom division pushed up sales by 13 per cent and increased its market share. But margins were eroded in a difficult and competitive market.

Special products, a smaller part of the group, showed a 40 per cent sales increase. Exports were up by 48 per cent and now accounted for 9 per cent of gross turnover compared with 7 per cent a year ago.

Spring Ram is approaching the mid point of a £102m capital spending programme, with outlay at a peak of £40m this year compared with £30m next year.

The recession was enabling the group to build and equip more cheaply and about £10m might be saved, although this was partly being taken up by other projects.

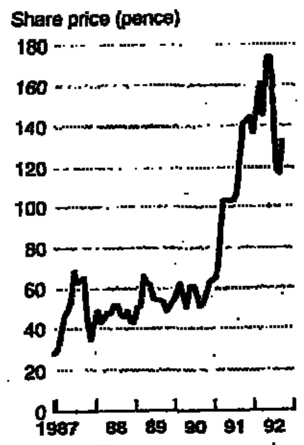
Government grants of £8m were being taken through the profit and loss account over four to five years.

This year the credit was £2m (£400,000) to partially offset start-up costs at the Regency doors factory, near Barnsley, and a new tile factory near Bradford.

Mr Greenwood said the amount of cash held by the group was expected to fall from £45m at the end of last year to £25m this December, with the half-way figure about £7m. Interest received in the first half amounted to £1.1m (£1m).

Spring Ram

Share price (pence)



Source: Datastream

● **COMMENT**

With a typical burst of energy, Spring Ram showed 150 analysts, fund managers and journalists around its new door and tile factories to inspire confidence in its future growth prospects. The practice of building low-cost lines on green field sites has borne fruit so far – witness Scunthorpe. It believes it can repeat the trick with doors and tiles, where it will again aim to replace imports and push at the weak points in the UK competition.

The group looks on course to increase full-year pre-tax profits by about 14 per cent to £43m. This puts it on a prospective multiple of more than 17, a deserved premium to the market but no longer offering the sort of buying opportunity that followed this summer's faltering in the share price.

As the company gets bigger, the scrutiny of its accounts gets tougher particularly on depreciation, grants and the high level of stock. Real signs of recovery in its market would probably wipe away the vestiges of scepticism.

Interest savings boost More O'Ferrall

By Peggy Hollinger

A DROP in interest charges helped More O'Ferrall, the billboard and bus shelter advertising contractor, increase pre-tax profits by 15 per cent, from £812,000 to £936,000, for the six months to June 30.

Mr Russell Gore-Andrews, chairman, said the overall advertising market continued to be "short-term and erratic". Revenues were up in the third quarter, but there was "a long way to go before we get anywhere near recovery," he said. Much would depend on the outcome of the economic situation in the UK over the next six weeks.

Nevertheless, the interim dividend is again 3.2p, and uncovered for the second consecutive year with unchanged earnings per share of 2.1p.

Mr Gore-Andrews said the pay-out had been held as there was "no reason for thinking that things are going to be any worse than last year".

Turnover was down by 1 per cent to £28.6m. The £13m 1-for-4 rights issue in October last year was responsible for a drop in interest payments from £1.65m to £857,000. However, gearing currently stood a little above the 26 per cent of June 30 and was expected to remain so.

Mr Gore-Andrews said business in the first quarter had been "extremely poor in relation to a very good quarter in 1991". Poster advertising declined by 10 per cent, compared with an advance of 15 per cent in 1991.

The improved second quarter had not been enough to avert an overall decline in operating profits of 27 per cent to £1.79m during the first half.

Sharpest drop was in the UK, where profits fell by 81 per cent to £241,000 on turnover 5 per cent down at £16.5m. The deepening recession in France resulted in a 60 per cent decline in profits there to £263,000. Belgium improved significantly, following the reorganisation of the Visibility business acquired in 1990; profits increased from £570,000 to £1.32m.

Harland Simon brings in Astra's former chief executive

By Paul Taylor

MR TONY McCann, one of the company doctors brought in to run Astra Holdings, the munitions and fireworks maker before it went into receivership earlier this year, has been appointed chief executive of Harland Simon, the control systems company which had its shares suspended earlier this month pending clarification of its financial position.

Mr McCann was also named as deputy chairman of Harland's executive committee, which will be chaired by Sir Ian Morrow, the industrialist and accountant whose industrial experience includes the successful restructuring of Rolls-Royce.

Mr David Mahoney retains his post as chairman.

The new appointments were announced along with the resignation of Mr John Redshaw, managing director, from the board of the troubled group. A company statement added that Mr Redshaw had "waived all claims" against it.

Harland requested the suspension of trading in its shares at 20p earlier this month after Barclays, the group's main commercial banker, indicated that its banking facilities were being cut by up to one third. Yesterday the company emphasised that it continues to receive the support of its principal bankers.

The appointment of Sir Ian and Mr McCann completes a management reorganisation which began in February when Mr Roy Ashman, former chairman and the driving force behind the company, was replaced by Mr Mahony, a former chairman and an industrial adviser to Hambro's, the company's financial adviser.

The immediate priority of the new management team will be to complete a review of the financial condition and prospects of the group, which has already begun an asset sale.

Harland's problems began in February after the once high-flying company issued an unexpected profits warning and released details of exposure to companies controlled by the late Mr Robert Maxwell. In the wake of the warning the group's share price collapsed and it subsequently reported a £6.3m pre-tax loss for the year to March 31.

Mr McCann also has extensive industrial experience with Black & Decker, Allegheny International and Littlewoods. Most recently, institutional investors in Astra asked him to take over as chief executive to resolve its financial difficulties.

Although he, with Mr Roy Barber as chairman, managed a significant improvement in Astra's performance, from losses of £65m to near break-even, the burden of debt prevented a capital reconstruction and the company eventually went into receivership.

Bennett & Fountain falls into red

BENNETT & Fountain, the electrical group, swung into losses in the year to end-June as the recession took its toll on the building and construction sectors.

Pre-tax losses – after redundancy costs of £607,000 and a reduced interest charge of £1.61m (£2.46m) – were £3.55m, against profits of £2.31m last year.

Turnover, which included £13.6m from discontinued operations, fell to £61.4m (£74.1m). Losses per share were 3.2p (earnings 2.2p).

The company said that because of the substantial deficit on the profit and loss reserve there would be no final dividend on either the ordinary or preference shares.

A number of branches were disposed of in November, and an extraordinary item of £3.84m represents the results of these operations.

Ricardo drops 56% to £2.04m and finance director resigns

By Paul Taylor

RICARDO INTERNATIONAL, the engineering design group, yesterday reported a 56 per cent decline in full year pre-tax profits, and announced that Mr Matthew Thorne, finance director, had resigned "to pursue his other interests."

Mr Thorne's departure, said to be "amicable", follows the resignation in June of Mr Roger Smedley as chairman and chief executive, after pressure from non-executive directors. He was replaced by Mr Christopher Ross as chief executive and Sir Philip Foreman as chairman.

The company, which also yesterday announced the appointment of Mr Cecil Foreman as a non-executive director, said the appointment of a new finance director would be announced in the near future.

Pre-tax profits, struck after an £800,000 charge to cover restructuring costs – including Mr Smedley's compensation package, fell to £2.04m in the year to June 30.

This compared with profits of £4.65m last time and came on turnover down from £63.5m to £57.6m.

Operating profits fell from £5m to £2.47m, with three of the group's four operating divisions suffering losses. The only division to post "a wholly satisfactory performance" was consulting engineers in the automotive sector, even though its turnover slipped marginally to £18.4m (£18.6m).

Turnover in the aerospace division fell to £21.8m (£27.4m) although within the division the gas turbine group performed strongly. Technical communications turnover slipped to £5.6m (£6.2m), but the hitech division managed to increase turnover to £11.8m (£11.2m).

Sir Philip described the results as "disappointing," but emphasised that the group's balance sheet remained strong with shareholders' funds of £22m and net borrowings of only £2.62m after capital expenditure of £2.6m.

The group's overall investment in research and development was £1m, mainly focused in the automotive business.

After a reduced tax charge of £885,000 (£1.53m) earnings per share came out at 3.6p (9.9p).

An unchanged final dividend of 3.8p is recommended, maintaining the total for the year at 5.7p. Although the dividend is not fully covered by earnings, Sir Philip said it "reflects the underlying strength of the group."

On prospects, Sir Philip said the new financial year would be very challenging. Nonetheless, the actions taken to redirect the activities of the company would result in a stronger, healthier enterprise.

Rutland Trust falls by 9% to £3.54m

By Peter Pearse

RUTLAND TRUST, the financial services and property surveying group, suffered a decline of almost 9 per cent in pre-tax profits, from £3.87m to £3.54m, in the first six months of 1992.

Mr Christopher Dowling, director of corporate finance, said that the result was "satisfactory under the [recessionary] circumstances".

Mr Michael Langdon, chief executive, said that all three divisions had remained profitable "although at a lower rate" and the group was "in a healthy financial position". The interim dividend is held at 0.27p.

The head office/corporate finance division lifted pre-tax profits from £266,000 to £639,000. Rutland has central cash resources of a little more than £8m net giving it interest of some £500,000. However, some corporate finance deals have been delayed by recent uncertainties. Progress at Capital Industries, in which it has a 37.9 per cent interest, was "encouraging".

Trading conditions in the second-hand car market were "at an all-time low", said Mr Dowling, though he felt that the bottom of the cycle had been reached and was encouraged for next year.

Profits in the asset financing side declined by 25 per cent, from £1.2m to £892,000.

In professional services profits fell 17 per cent to £2.01m (£2.41m). Ellis & Buckle, the loss-adjusting business, received fewer claims because of the mild winter, but managed to gain market share. However, building surveying at Hunter & Partners traded only at about break-even.

Group turnover was down at £46.4m (£52.2m), partly, said Mr Dowling, because this time Capital Industries was an associate.

After tax of £1.23m (£1.35m) and minorities of £233,000 (£388,000) earnings slipped to 0.84p (0.88p) per share.

Lonrho sells Firsteel via buy-out

By Roland Rudd

LONRHO, the international trading conglomerate, has sold Firsteel Group, a narrow steel strip processor and distributor, to its management.

Mr Frank Neale, a partner of Phildrew Ventures, which helped fund the management buy-out, said the price was close to the £21m net asset value of the company.

Over the last year Lonrho has been making a series of disposals to reduce its debt. At the half year to March 31 net debt fell from £1.1bn to £903m.

Firsteel last year had sales of more than £80m. It has financing of £24.5m, comprising £11.5m of debt facilities from Midland Bank, £10.5m raised by Phildrew Ventures and £2.5m of mezzanine finance organised by Midland Montagu Ventures.

The transaction represents the first buy-out for Phildrew's £108m third fund which owns the majority stake in the West Midlands-based business.

COMPANY NEWS: UK

TV-am at £9m despite reorganisation charges

By Raymond Snoddy

TV-AM, the breakfast television company that was outbid in last year's tenders for new franchises, yesterday announced pre-tax profits of £9.05m for the six months to June 30.

The outcome compared with £6.72m last time and was achieved despite the depth of recession in the television advertising market. Turnover dipped from £39.6m to £37.7m.

The profits rise reflected a reduction in Exchequer Levy and cuts in costs as the company slowly runs down towards December 31 when it ceases to be an ITV broadcaster.

However, reorganisation costs and the inevitable redundancies led to an exceptional charge of £2.57m and the company warned that there would be additional costs of a similar nature when it reached the end of the franchise.

Mr Bruce Gyngell, chairman, said: "All our energies over the final months of the franchise are committed to maximising revenue, minimising costs while maintaining our commitment to the audience."

The interim dividend is an unchanged 4p, payable from earnings of 8.2p (6.5p) per share.

It is not yet completely clear what TV-am will do in future following the loss of its franchise. It examined the possibility of bidding for the new Channel 5 but decided not to go ahead. It did, however, win the franchise for a new national commercial pop music radio station in a venture with Richard Branson's Virgin group.

A number of other possible media investments are being assessed by TV-am, a company that is likely to have a £50m pot of gold when it says goodbye to the breakfast audience for the last time.

Exchequer Levy cut lifts Anglia to £4.83m

By Raymond Snoddy

ANGLIA Television yesterday announced a 58 per cent increase in pre-tax profits, from £3.07m to £4.83m, for the six months to the end of June.

The growth came from the one-off reduction in Exchequer Levy for the last year of the old ITV franchise system. Anglia's levy payment in the period fell from £3.47m to £732,000.

From January Anglia will begin paying to the Treasury £17.8m a year – the bid that regained it the East of England licence – plus 7 per cent of its advertising revenue.

Operating profit declined from £5.45m to £4.27m in the half year. Expenditure on Anglia's own productions rose from £7.86m to £12m

Sir Peter Gibbings, chairman, singled out for praise its programmes such as the Survival series, Fay Weldon's Growing Rich and the documentary adaption of Stephen Hawking's A Brief History of Time.

He said that after allowing for the increase in costs in both programme production and acquired programmes, the operating profit was similar to last year but below that of 1990.

He was confident of further programme commissions under the new competitive ITV networking arrangements.

Anglia's advertising revenue was £53.4m (£52.2m), with its share of ITV advertising increasing to 6.88 per cent thereby continuing a steady upward trend.

Turnover totalled £67.2m, compared with £63.8m.

Earnings per share rose from 4.35p to 7.04p, and the interim dividend is held at 2.86p.

Sir Peter said that despite all the uncertainties over the timing of a recovery from recession, he remained hopeful of a satisfactory result for the year.

Analysts are forecasting pre-tax profits for the full year of about £15m.

Whatman edges ahead to £4.5m

By Roland Rudd

WHATMAN, the specialist paper and filtration equipment maker, reported a 3 per cent advance in pre-tax profits, from £4.37m to £4.5m, for the half year to June 30.

Sales were unchanged at £25.9m but trading profit fell to £4.46m (£4.63m) because of the impact of the weak dollar. More than 60 per cent of sales are generated in North America.

Mr Hugh Perrott, finance director, said: "There are signs of a steady US recovery. We have made progress by increasing the number of sales staff in the US and increasing investment in new products."

Sales of gas generators and microfiltration devices benefited from the increased investment.

Reorganisation costs of £727,000 related to the discontinuation of manufacturing filter systems in the UK. After a £640,000 profit on the sale of UK land that left an exceptional charge of £87,000.

Net interest income of £33,000 compared with a charge of £266,000. Borrowings were about £1m.

Earnings per share increased to 13.56p (12.83p). The interim dividend is 3.1p (2.9p).

Exceptionals behind decline at Telemetrix

By Peter Pearse

AFTER EXCEPTIONAL charges of £2.93m, Telemetrix, the electronics and information systems group, reported pre-tax profits down from £2.47m to £673,000 for the six months to June 30.

However, operating margins climbed from 6.9 to 8.3 per cent as turnover rose to £46.8m (£41.7m) and operating profits advanced to £3.88m (£3m). Comparative figures have been restated to consolidate the Zimbabwean operations.

The group is also listed on the Johannesburg stock exchange and 49 per cent of its equity is owned by Altron and its chairman, Mr Bill Venter.

Some £2.3m of the exceptional item related to provisions against the closure of the defence-related activities in the Trend subsidiary, instigated by the new board as part of its restructure of the group. These were secure communications and encryption businesses, which, given the pressure on defence budgets worldwide since the Gulf war and the collapse of the Soviet Union, had seen a sharp contraction of activity. The benefits of the closure became effective on July 1.

The retained telecommunications services and test operations "had underlying profitability", said Mr Tim Curtis, chief executive.

GTI, the 65 per cent-owned data communications subsidiary in the US, doubled operating profits to £3.2m on turnover up £7m at £27.7m, helped by Valor, its networking subsidiary, which lifted its sales 68 per cent to £15.6m.

With growth specially in the Far East, Zetex, the semi-conductor subsidiary, also doubled profits – to £800,000 – on turnover ahead at £7m (£5.9m). In Zimbabwe, where Telemetrix makes telecom and lighting products, profits rose to Z$4m (Z$3.3m) on turnover of Z$13.1m (Z$9.3m), but on translation after devaluation there, there was a sterling fall to £400,000 (£700,000) on turnover at £1.5m (£1.8m).

Group debt was reduced to £3.9m (£4.8m), giving gearing of 23 per cent (28 per cent).

After tax kept high at £1.06m (£787,000) by the US and Zimbabwe operations and minority interests at GTI of £995,000 (£556,000), losses per share emerged at 1.6p (earnings 1.3p).

Boddington sale

Boddington Group has sold Bentley's Restaurants for an undisclosed sum to Russell Group, which operates the Ocean Theme Restaurants.

Whitecroft warns of interim deficit

By Ian Hamilton Fazey, Northern Correspondent

WHITECROFT, the Cheshire-based lighting, home improvements and industrial and medical textiles group, yesterday announced complete withdrawal from the double-glazed windows and conservatories market and warned that pre-tax losses for the half-year to end-September would be about £1m.

There will be no interim dividend (3.3p).

The share price, fell from 37p to 23p on the news but later recovered to 27p.

Mr Peter Goold, chairman, said yesterday: "We are eliminating £2m of losses and this has to be right."

Two of the group's windows and conservatories businesses have been sold and negotiations are under way to sell the other two. Mr Goold said this was better for shareholders than closure because the buyers would assume responsibility for future liabilities.

Whitecroft made £4.49m in the year to March 31, with operating profits halved. It cut its final dividend to 0.7p, making a total of 4p, compared with 10p in 1990-91.

"We said earlier this year that if consumers did not start buying energetically again, we would take radical action. We are, however, quite confident longer term.

"Our strategy is to concentrate on core businesses with growth potential. We have been incurring costs up front, but benefits will flow later." Mr Goold added.

Goodwill of £23.8m associated with the sales will pass through the profit and loss account. This had been previously eliminated against reserves and will be shown as an extraordinary item, with no effect on shareholders funds of about £40m.

Group borrowings on September 30 are expected to be about £38m – gearing of about 95 per cent. Mr Goold said borrowings would fall back to March's level of £36m next year as investment in its performance doors business generated cash flow benefits.

Havelock £3m funding to secure future

By Nigel Clark

HAVELOCK EUROPA, the lossmaking shopfitting company, is seeking to secure its future by a £2.97m placing and open offer and the building of a trading alliance with SAS Holdings, a private building systems supplier.

At the same time, the Fife-based company announced a reduced interim pre-tax loss of £1.6m (£2.18m). Sir Lewis Robertson, the company doctor who became chairman when a new management was installed in 1989, also said he was retiring at the end of the year.

Havelock is placing 10m shares at 31p, of which SAS is taking up to 1m, or 3.84 per cent of the increased equity. The open offer is on a 5-for-8 basis at the same price. The new shares will make up 38.46 per cent of the enlarged capital. The shares closed 1p lower at 35p.

The money is needed for a restructuring necessitated by difficult trading conditions which have seen business in the group's traditional market fall by a third between 1989 and 1991, with a further decline expected in the present year.

The programme will cut the cost base by £3.5m with asset write-offs and redundancy costs of £800,000 for which provision will be made in the second half.

In the six months to June 30 turnover fell 8 per cent to £16m (£17.5m). The pre-tax figure was helped by lower exceptional costs of £61,000 (£490,000).

There was no tax charge against a credit last time of £740,000 leaving losses per share higher at 10p (9p). The interim dividend is passed as there are no distributable reserves.

On his departure Sir Lewis said that much had been achieved since he arrived and that the company was now firmly established. That allowed him time to spend on his other commitments. He will be replaced by Mr Norman Lessels, an existing board member.

NEWS DIGEST

Appleyard helped by exceptional

APPLEYARD Group, the North Yorkshire-based motor dealer, reported pre-tax profits ahead 16 per cent in the six months to June 30.

The outcome of £1.75m compared with £1.51m in the first half of last year and was only marginally short of the depressed £1.81m achieved in the whole of 1991.

However, the latest figure was struck after an exceptional profit of £1.37m relating to the disposal of freehold property in Leeds, and interest charges reduced to £1.85m (£2.65m).

Turnover fell to £158.1m (£218.9m).

Mr Mike Williamson, chairman, said the new car market during the period was 4 per cent below last year, but the group had improved overall margins.

Contract hire and leasing lifted profits by 15 per cent and the commercial vehicle side performed "extremely well" in a weaker market.

Referring to sales in August, Mr Williamson said overall volumes were largely unchanged with the notable exception of Audi/VW where national volumes were down 23 per cent on August 1991.

The interim dividend is maintained at 2.6p, uncovered by earnings of 2.3p (2.1p) per share.

Baillie Gifford Technology down

Baillie Gifford Technology announced a fall in net asset value per share from 11.5p to 7.3p, as a result of a write-down in the value of its investment in Intelligent Environments, a software company.

The trust is winding itself down by selling off its holdings and redistributing the proceeds to investors. Intelligent Environments is one of the few remaining assets.

Net losses for the six months to August 31 were £16,859 (profits of £36,220), equivalent to 0.15p (earnings of 0.33p) per share. No interim dividend is declared.

Reduced deficit at Sentry Farming

Sentry Farming Group reported reduced losses in its seasonally unfavourable first half to June 30.

The USM-quoted group saw the pre-tax deficit cut to £286,000 from £361,000 last time. Turnover improved to £1.86m (£1.52m). The directors expect to report a profit for the full year.

Losses per share amounted to 7.14p (9.17p).

Improved margins buoy A&C Black

Improved publishing margins and reduced interest charges helped A&C Black lift interim profits by 65 per cent.

On turnover marginally ahead to £3.75m (£3.73m), the publisher's pre-tax line for the six months to June 30 amounted to £254,000 (£154,000). Net interest payable fell from £71,000 to £35,000.

Earnings per share improved from 6.9p to 11p; the interim dividend is held at 4.25p.

Lambert Howarth margins squeezed

Lambert Howarth Group, the footwear manufacturer and importer, reported pre-tax profits down from £1.49m to £1.26m for the first half of 1992.

Against a background of a difficult UK market, sales rose by 9 per cent to £24.9m. But margins have been hit due to cancellations on UK orders in the Burnley factory, and quality problems on production using imported uppers, said Mr Roger Rowland, chairman. These combined to produce a considerable loss of margin in the second quarter.

He was confident that the production problem had been largely overcome and although conditions remained tough, the order book was strong.

The interim dividend is raised from 4p to 4.25p, payable from earnings of 15.8p (18.6p).

Lower copper prices affect Antofagasta

Antofagasta Holdings, which has interests in mining, banking, transportation and water supply in Chile, announced a 7 per cent fall in pre-tax profits from £9.6m to £8.9m in the half year to June 30.

The results were affected by lower copper prices, the company said, although prices in the second half had improved. The group's other activities maintained their contribution.

Turnover rose to £31.8m (£27.9m). Earnings came through at 22.1p (25p) per share and the interim dividend is unchanged at 6p.

Its ultimate holding company is Dolberg Finance Corporation, incorporated in Liechtenstein.

EFM Dragon assets buck dollar trend

EFM Dragon Trust had a net asset value of 12.03p at August 31, ahead from 11.75p over the year despite an unfavourable dollar/sterling exchange rate.

The trust, which seeks long-term capital growth through investments in the Far East, excluding Japan and Australia, reported net revenue of £345,000 (£329,000) for earnings of 0.11p (0.105p) per share.

The single dividend for the year is maintained at 0.06p.

Hampden warns of worsening trading

Hampden Group, the Belfast-based company which operates Texas Homecare stores in Ireland through a franchise agreement, lifted profits to £202,000 pre-tax in the 24 weeks to June 13.

The increase from last time's £175,000 was achieved on turnover ahead 20 per cent to £14.1m (£11.8m).

The Texas stores increased both turnover and profits, helped by a relocation of the Bangor store in February and the reopening of the Galwally store in April. Directors warned, however, that trading conditions in Northern Ireland had "noticeably worsened" since June.

The interim dividend is maintained at 0.2p, payable from earnings of 0.91p (0.77p) per share.

The shares are traded on the USM.

Dunloe House losses at I£432,000

Dealings in the shares of Dunloe House Group, the Dublin-based property company, resumed yesterday following its inability to reach agreement on the broadening of its equity base. The company is 77 per cent owned by Clayform Properties.

The board had been attempting to achieve this by acquisition or the injection of assets, but despite protracted discussions none of the proposals was thought to reflect the value of the existing business. The shares were suspended in January.

The company also announced increased pre-tax losses for the six months to June 30 of I£432,000 (£442,000), against I£165,000. The result included an exceptional charge of I£257,000 being the provision against a loss on the sale of two properties.

Turnover was I£76,000 (I£79,000). Losses per share were 2.43p (0.93p).

Baillie Gifford Japan assets down

Reflecting a weaker Japanese economy and falling corporate profits, net asset value of the Baillie Gifford Japan Trust fell by 27 per cent over the 12 months to August 31.

The figure per share declined from 596.2p to 436.9p. It had recovered to 499.8p by September 23.

The trust incurred a net deficit of £341,606 (profits of £53,964). Losses per share were 3.11p (earnings of 0.49p).

CAVERDALE GROUP PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 1992

CHAIRMANS STATEMENT

The results for the first six months of 1992 compared with those of the same period in 1991 do not fully reflect the further significant improvements in the financial health of the Company and in the underlying performance of the continuing trading operations.

I am therefore pleased to report that considerable progress has been made by Vanstock Limited and Allied Components (U.K.) Limited in comparison with their results for 1991 as a whole. In the context of the continuing recession this has been a considerable achievement. More importantly, I believe there is further scope for improvement in margins and consequently in trading results.

The disposal of Energy Technique, referred to in my statement in the 1991 Annual Report, was completed on 23rd July.

Meanwhile, the acquisition of Dunham & Haines Limited and the associated Rights Issue have both been successfully completed since the period end. The recently recruited management of Caverdale Motor Holdings Limited is already implementing its action programme at Dunham & Haines and the full financial effect of the changes should have a significant impact on next year's results.

At the holding company level we continue to reduce overhead costs, and the relocation of our Head Office to Luton in the very near future is part of this exercise. The overall benefits of the measures implemented will become particularly evident next year.

In the meantime, we have invested in an experienced management team at Caverdale Motor Holdings and regrettably have incurred a significant expense in connection with an aborted acquisition. As a small company with a strong ambition to grow, we are exposed to this type of cost but as we achieve critical mass our trading performance will become more fully reflected in the Group's overall result.

After the dramatic events of recent weeks the economic picture remains uncertain. I do, however, remain confident that the Group's enhanced prospects will result in a strong performance next year.

A. Nerdrum, Chairman *24th September 1992*

	Six mths ended 30.6.92 Unaudited £'000	Six mths ended 30.6.91 Unaudited £'000	Year ended 31.12.91 Audited £'000
Turnover	4,768	5,488	10,301
(Loss)/profit on ordinary activities before exceptional items			
Continuing activities	(100)	(124)	(495)
Discontinued activities	(60)	39	(49)
	(160)	(85)	(544)
Exceptional items (Note 1)	(112)	332	239
(Loss)/profit on ordinary activities before taxation	(272)	247	(305)
Taxation	10	(13)	–
	(262)	234	(305)
Minority interests (Note 2)	–	(87)	(53)
Extraordinary item	–	–	61
(Loss)/profit attributable to shareholders	(262)	147	(297)
Dividend			
(Loss)/earnings per ordinary share (Note 3)	(4.31p)	1.87p	(1.20p)

Notes
1. The exceptional item comprises: Abortive acquisition costs £000 (112)
2. The 25% minority interest in Allied Components (U.K.) Ltd was acquired on 5 August 1992.
3. Earnings per share are based upon the weighted average of 84,023,128 shares in issue (six months ended 30.6.91 - 12,541,178; year ended 31.12.91 - 29,751,661).
4. Following the August Rights Issue and acquisitions, there are 121,542,927 ordinary shares in issue.
5. The Interim Statement is to be published in The Financial Times and The Independent newspapers on 25th September 1992.
6. The financial information set out above does not constitute full accounts as referred to in Section 254 of the Companies Act 1985.

What is the FT getting up to this Weekend?

"She was raven-haired and dark-eyed, as attractive a woman as I had ever seen in Saxony". As *Leslie Colitt*, Berlin-based FT correspondent for East Germany, Czechoslovakia and Hungary since 1972, reads his own Stasi file that's how he remembers Beate, the beautiful informer to whose charms he succumbed.

They codenamed him Caesar and placed him under surveillance as an imperialist spy. And for the next decade, the likes of Beate, Bertram and the engaging Frau M kept a watchful eye on his every move.

In the wake of the economic U-turn and post ERM, Finance and the Family explains the effect of Tuesday's one percentage point base rate cut on mortgages, personal investments and the property market.

Talking of which, there are plenty of bargains to be hunted in our 12 colourful pages of property. *Gerald Cadogan* dreams among Oxford's dreaming spires, *Audrey Powell* sets her sights higher on the snowy slopes of Switzerland and *David Hoppit* even higher with "cut price" castles and "give away" great houses.

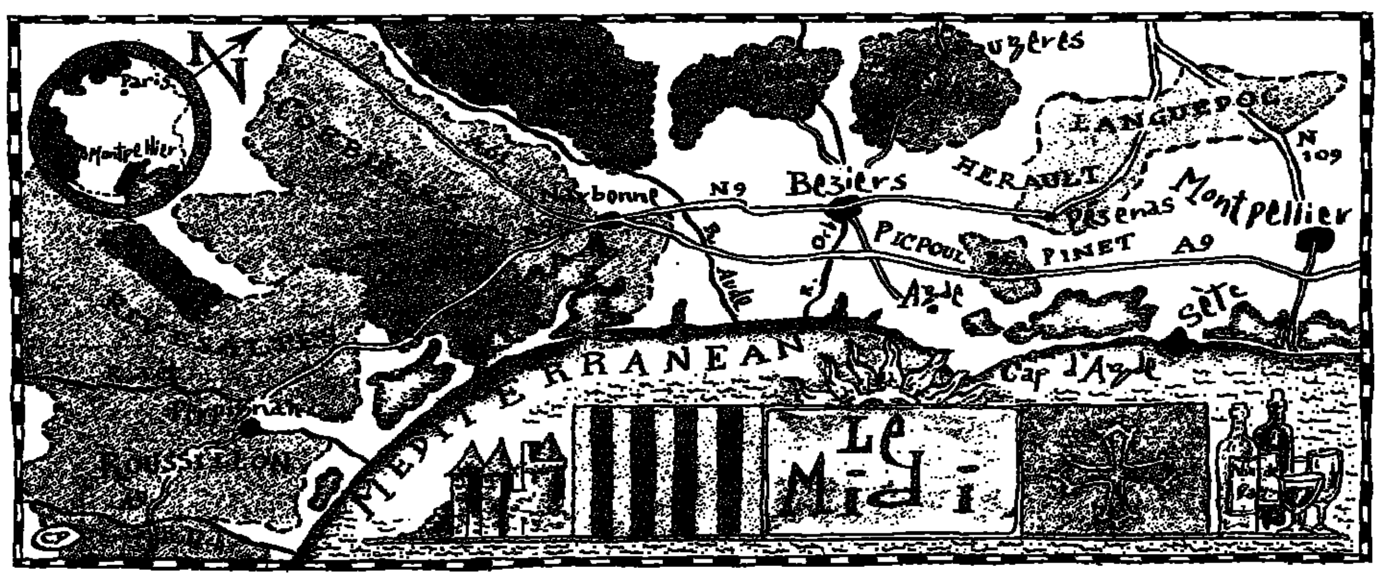
Jancis Robinson maps out the Midi for us. She noses out, among other things, dedicated domaines in Minervois producing suave reds, exotic, soft, dry whites from French Catalonia, and slightly wild, intensely savoury Corbières. And her price range – a very palatable £3 to £5.

Giles MacDonogh scours the bars and restaurants of Munich in search of Schickimickis making Bussi Bussi . . . but fails. He is consoled with carpaccio of tuna, salad of venison, sweetbreads and kidneys and Rote Grütze with walnut ice. *Jill James* scales a 6,000 ft extinct volcano for cheese and biscuits.

Robin Lane Fox tells gardeners how to be "artful in autumn" with zephyranthes, zauschneria and schizostylis, all of which he assures us are easier to grow than to pronounce.

It's biography week on the Books page where three major works on three major figures come highly recommended. They are Bertrand Russell, Benjamin Britten and Jacob Epstein.

On the fashion page, *Daniel Green* tries on off-the-peg business suits with a little help from his man in Savile Row. Their favourite, an Yves St Laurent, sits perfectly – even if the £735 price tag doesn't.



Meanwhile, in Hawks & Handsaws, *Michael Thompson-Noel* busies himself arranging new identities, new fingerprints, indeed whole new lives, for Norman and John . . . but does he succeed? Find out tomorrow.

Pick up your copy of Weekend FT this Saturday and join us.

Weekend FT

JOBS: Controversy over vitamins and intelligence resembles disputations about angels on pinheads

Much ado about nothing of real import

By Michael Dixon

RIGHT then, as Jobs-column readers are evidently so clever, perhaps you would like to have a try at *this* puzzle.

Like the one I printed eight weeks ago – which many of you said was too easy – it is a coded division sum, the task being to find the original numerals. But there is a noteworthy difference.

Last time, each figure was represented by a particular letter of the alphabet, which always denoted the same figure wherever in the sum it occurred. Today, except for a single occurrence in the "answer", all the numerals are represented by the symbol X.

If any of you can't wait to try the problem, however, please read on afterwards because it has a bearing on serious questions raised by a controversial trade descriptions case being heard by magistrates in Shrewsbury.

```
          XX7XX
XXX ) XXXXXXXX
      XXX
        XXX
        XXX
          XXXX
          XXXX
```

The link with the trade descriptions case lies through something many people clearly think highly important, not least in selecting people for desirable jobs: the gauge of mental ability known as Intelligence Quotient.

Although the problem does not appear in any IQ tests as such, it calls for the same sort of reasoning that they assess. In this case, since no words are involved, the reasoning required is of a non-verbal kind.

Non-verbal reasoning is also at the hub of the Shrewsbury case, which originates with a study by psychologist David Benton of University College, Swansea. After IQ testing two groups of 12-year-olds, he fed one set pills containing a mixture of mineral-vitamin supplements, and the other set pills which while they looked alike were just placebos, with no real substance. On being re-tested eight months later, both groups scored higher in non-verbal IQ. But the average gain of those given the supplements was about seven points greater than the gain of the placebo group.

The findings, revealed in 1988, were featured on TV. Parents flocked to buy the same mix of supplements, enterprisingly marketed as "Tandem IQ" by Larkhall Laboratories of London. Then, although Dr Benton's results were supported by other studies, there appeared further research denying that such supplements increased IQ. And now, since Larkhall has gone on marketing its product in much the same style, it is being accused in Shrewsbury of infringing the Trade Descriptions Act.

But, while sympathising with the magistrates trying to judge between clashing researchers, the Jobs column is not concerned with the case itself. The only question that bothers me is *what* – apart from achieving it in an IQ test – does an extra seven or so points on the scale enable anyone actually to do?

Try as I might, I cannot find anything. For example, although IQ-type testing is evidently one of the better tools for recruiting for jobs requiring mental skill, I'm authoritatively assured that a seven- or eight-point difference would be within the margin of error, and not enough to count.

So if any of you who've solved the puzzle can cite instances where a bit more or less of the requisite reasoning power makes a decisive difference in life, I'd be glad to hear. Otherwise, however, all the fuss typified by the Shrewsbury case would seem to have no more real importance than medieval disputations about angels on pinheads.

NOW to the table alongside, giving indicators of pay-levels of managers in Britain as measured by the latest survey by the Reward consultancy. Anyone wanting the full report should contact Steve Flather at Reward House, Diamond Way, Stone, Staffs ST15 0SD; tel 0785 813566, fax 0785 817007.

My extracts focus solely on executives ranked immediately below director, except in small companies where they could be on the board while doing similar work, and show both salary and total money pay including bonuses. To allow for rises since the survey, all cash figures should be upped by *0.33 per cent*.

Regional variations from the overall median salary of £30,000 were: *Higher* – London by 20 per cent, and Scotland by 10.8. *No variance* – South-east England. *Lower* – Northern Ireland by 3.2 per cent, west midlands by 3.3, south-west England by 6.1, eastern counties by 6.7, north-east by 7.6, and north-west by 8.3.

Variances from the median by company sales were: *Higher* – £100m-plus by 22.1 per cent, and £40m-£100m by 2.5. *Lower* – £15m-£40m by 3.2 per cent, £5m-£15m by 7.6, and up to £5m by 16.7.

	Lower quartile		Median				Upper quartile		
Rank One = Most senior executive below rank of director in:	Basic salary £	Total money reward £	Basic salary £	(Basic year earlier) £	Total money reward £	(Total year earlier) £	Basic salary £	Total money reward £	% with company car
Legal advice	29,984	31,715	35,351	(36,107)	36,551	(37,207)	51,222	51,222	75.8
General management	28,088	28,700	34,800	(32,737)	36,000	(34,050)	41,579	44,938	88.2
Company secretariat	28,213	28,763	35,124	(31,550)	36,000	(32,925)	43,000	43,410	82.3
Finance & accounting	28,541	29,122	33,000	(32,122)	33,771	(33,009)	39,111	40,613	83.6
Surveying/construction	24,938	25,429	27,500	(27,395)	27,500	(27,500)	32,618	33,308	86.0
Marketing	27,966	28,700	31,950	(29,703)	32,950	(30,604)	37,645	39,000	82.9
Advertising & PR	24,779	24,779	30,900	(31,000)	30,900	(31,110)	39,770	41,192	87.8
Data processing	25,680	26,125	30,531	(29,080)	31,750	(29,920)	37,010	38,200	77.0
Sales	25,270	26,291	30,000	(28,800)	30,552	(30,000)	35,958	37,859	85.8
Distribution	22,545	24,089	29,000	(30,000)	30,000	(31,110)	37,328	37,981	83.8
Personnel	25,171	25,553	30,300	(29,000)	30,361	(29,500)	35,850	37,013	74.9
Administration	25,075	25,582	28,400	(28,422)	28,500	(29,175)	36,798	37,215	87.8
Scientific/technical dept	25,125	25,125	28,816	(27,141)	29,250	(27,837)	34,998	34,998	72.5
Planning	26,244	26,244	30,300	(28,314)	30,300	(28,314)	35,289	35,289	69.7
Research & development	24,500	25,173	29,000	(26,391)	29,500	(26,500)	34,000	34,550	72.5
Purchasing	23,940	24,198	27,500	(26,487)	28,000	(27,242)	34,290	34,290	82.8
Engineering	24,278	25,007	29,196	(27,531)	29,550	(27,824)	34,132	34,433	76.0
Management services	22,929	22,929	27,358	(27,909)	28,319	(27,909)	33,854	33,854	70.8
Production	22,840	23,125	27,000	(26,000)	27,852	(26,709)	31,329	31,968	78.5
Quality assurance	23,000	23,000	26,300	(24,825)	26,863	(26,100)	30,358	31,000	63.0
All Rank-One execs	25,137	–	30,000	(28,584)	–	(–)	38,005	–	80.0

TOP OPPORTUNITIES

SENIOR POSITIONS IN GENERAL MANAGEMENT

Managing Director

Private Client Stockbroking

North West — £ Excellent Package

This well established stockbroking firm enjoys a long-standing reputation as a leading agency house and services a loyal client base in the North West of England. Its parent company is a highly respected and successful financial institution that has actively supported the business with considerable investment in technology, enabling quality research and efficient administration. It wishes to exploit these advantages and further develop the business in a professional and structured manner.

There is a need for an accomplished, senior broker to lead the current team and take profit responsibility for this operation which is an important office within the existing branch network.

The appointee will be expected to demonstrate an established network of clients within the region and be able to further develop long-term client relationships through integrity, sound judgment and efficient service. In addition to generating revenue, the individual will also be responsible for all management issues within the branch.

Probably aged 40 to 50, candidates will have a first-class reputation as a successful stockbroker with relevant regional contacts. Personal qualities must include stature, determination, self-confidence, integrity and energy. Strong leadership and communication ability are also needed to inspire confidence and respect from both colleagues and clients.

The excellent remuneration package will comprise the usual executive benefits, including a substantial performance-related bonus, and will not be a limiting factor.

Interested applicants should write, enclosing a detailed CV, to James Hyde at the address below, quoting reference number 138J.

ST. JAMES ASSOCIATES

MANAGEMENT SELECTION

32 OLD BURLINGTON STREET, LONDON W1X 1LB. FAX: 071-287 2821. TELEPHONE: 071-287 2820.

A GKR Group Company

HEAD OF PUBLIC POLICY CONSULTANCY UNIT

BRUSSELS

Our client, a major European international law firm wishes to appoint a highly qualified person to manage and develop its Public Policy Consultancy Unit in Brussels. This is a new appointment and offers a real opportunity to someone who is likely to have experience of working at a senior level in one of the institutions of the European Community, in an Embassy or Permanent Representation or in relevant related work.

The person appointed will be responsible for advising the firm and its clients on policy developments within the European Community and will assist the firm's lawyers and clients in influencing the development of that policy.

The post would suit someone who:

- is ambitious and keen to build up the unit
- is a lawyer or is happy to work in a legal environment
- has appropriate linguistic skills
- has a sound knowledge of the internal working of European Community institutions
- is prepared to travel and make contacts in Brussels and throughout Europe.

The firm is strongly committed to this development and will provide solid support for the person appointed.

There will be an appropriate remuneration package and the possibility of advancement within the firm.

Please send a comprehensive CV quoting reference FT/103 to: Robert Patis.
Withers Diamond & Wood Brigdale Limited, Kent House, Market Place, London W1N 7AJ.
Fax 071 255 3128.

WD&WB
WITHERS DIAMOND & WOOD BRIGDALE
RECRUITMENT ADVERTISING

BANKING FINANCE & GENERAL APPOINTMENTS

ARABIC FUNDS MARKETING EXECUTIVE

c.£50,000 + benefits

We represent an international bank with considerable standing in the Middle East. From its London head office, the bank currently manages a multi-billion dollar portfolio consisting of both institutional and private funds placed within the international currency, fixed income and equity markets.

On its behalf, we seek an investment marketing executive with extensive knowledge and contacts with the financial community in the Gulf. This individual will be given the brief to develop a wider range of relationships in the area and increase the size of funds under management. Applicants must also be Arabic speakers and preferably MBA or professionally qualified.

Please contact Roger Steare, Director of Executive Recruitment on 071-623 1266 or write to him at the address below.

Jonathan Wren & Co. Limited, Financial Recruitment Consultants
No. 1 New Street, London EC2M 4TP Telephone 071-623 1266 Facsimile 071-626 5259

JONATHAN WREN INTERNATIONAL
LONDON · BAHRAIN

Appointments Advertising

Appears every Friday (in the International Edition)

Wednesday and Thursday (in the UK Edition)

For further information in North America please call JoAnn Gredell on 212 752 4500 or write to her at 14 East 60th Street New York NY 10022

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

BUSINESS RESEARCH ANALYST

Pall Mall, London

Pera International is one of Europe's largest and most successful management and technology consultancies, providing help and advice to companies in all sectors of industry.

The last 5 years have seen a substantial growth in the size and scope of our business, and to continue this trend we have recently established a Business Research Unit at our Head Office in Pall Mall.

The purpose of this Unit is to research into areas of strategic and international interest, to publish the findings, and to provide business development support for the organisation as a whole.

We are now looking to recruit an additional Analyst into this central team. Candidates must be graduates, ideally 25-35, with excellent analytical and research skills. Experience of working in a consultancy or business research organisation would be an advantage, as would foreign language skills. In return, we offer an excellent remuneration and benefits package.

Please write to Mike Thompson at our Head Office, 54 Pall Mall, London SW1Y 5JH. *We will then ask you to complete an application form, so there is no need for you to submit a full CV with your original letter.*

Please note: To be considered, your application form must reach us no later than Wednesday 7th October.

pera International

Global mobile satellite communications

Financing systems for the next century

Based London — **Excellent salary + benefits**

Inmarsat is a commercially-oriented international co-operative backed by 65 member countries which provides mobile global satellite communications for commercial and distress and safety applications at sea, on land, and in the air.

In maintaining its role as the world leader in its field, Inmarsat is developing new communications products and determining the appropriate satellite and gateway investments to support them. These two appointments will have key roles to play in safeguarding Inmarsat's financial interests in all major systems developments.

CAPITAL APPRAISAL OFFICER

Interfacing with legal, technical and procurement colleagues, you will be responsible for the financial elements of major procurements through all phases: from initial studies through competitive procurements, evaluations, selections and negotiations to contractor's signature. You will also be responsible for the financial risk management of Inmarsat's space segment and its insurance requirements.

Qualified to degree level or equivalent, your considerable ability has been developed during a successful career which encompasses experience of competitive procurements and business/project financial analysis, preferably working closely with technical departments in the mobile telecomms/satellite/aerospace industry. *Excellent report writing and computer* skills are essential. **Ref: CAO/MS.**

SENIOR FINANCIAL OFFICER

Your principal tasks will involve you in evaluating the strategic choices and investment alternatives facing Inmarsat and directing the maintenance and improvement of a corporate simulation model; monitoring the corporate finance structure and the financial impact of alternative models, assessing differing financing alternatives available for funding future major capital expenditures, including innovative financing techniques.

With a degree in business, economics or finance, your minimum of five years' relevant financial experience in the communications industry has given you a solid understanding of financial analysis techniques and experience of modelling programs. Commercial acumen, a high level of analytical skill, logical problem-solving ability and financial management reporting experience are essential; experience with different funding approaches and Treasury operation would be an asset. **Ref: SF/MS.**

An internationally competitive tax-exempt remuneration package, which has attracted staff from 52 countries to our cosmopolitan London office and reflects the high level of competence, experience and qualifications required, will be offered.

To apply, please fax or mail full career details, quoting the appropriate reference on the letter and envelope, to Mike Stockford, **PA Consulting Group,** 123 Buckingham Palace Road, London SW1W 9SR, England. Facsimile: ++4471 333 5050.

Inmarsat

INTERNATIONAL SECURITIES HOUSE

SENIOR COMPLIANCE ROLE

To £65,000

One of the world's largest financial institutions and a market leader in underwriting, distributing and trading securities and in investment banking, our Client seeks an experienced compliance officer to manage/run its highly regarded Compliance Department.

The Department is actively involved in all business areas, providing advice and support on all aspects of the regulation of international securities markets. The business areas which are served by compliance include bond, equity and derivative sales and trading, syndication, corporate finance, research and fund management.

The successful candidate will ideally have a thorough grounding in regulations concerning financial services, including those relating to the Securities and Futures Authority, IMRO and the London Stock Exchange. Significant regulatory experience is required, probably gained with a major securities house or investment bank. With responsibility for managing a team and liaising closely with senior management, it is essential that the successful candidate can also demonstrate sound judgement, proactive problem solving and excellent communication skills.

This is an exciting opportunity to take a prominent role in this major company. A very competitive package will be offered, including insurance benefits, a good pension scheme, mortgage subsidy and discretionary bonus. There are excellent opportunities for further career advancement.

For further information in complete confidence, please contact Alistair Dougall or June Mesrié on 071-405 6062 (081-340 7078 evenings/weekends) or write to them at Quarry Dougall Commerce & Industry Recruitment, 9 Brownlow Street, London WC1V 6JD. Confidential fax: 071-831 6394.

QD
QUARRY DOUGALL

UNITED KINGDOM · HONG KONG · NEW ZEALAND · AUSTRALIA · USA

Fixed-Interest Futures and Options Sales Specialist

Attractive salary + banking benefits

UBS Phillips & Drew Futures and Options Ltd, part of the UBS Group, is the leading institutional broker on LIFFE. We are looking for a Futures sales specialist to service an expanding high quality institutional client list. You have proven sales ability, are highly motivated, numerate and articulate. You are likely to be in your twenties and have at least three years sales experience in Futures or related cash and derivatives markets. A team player, you will have every opportunity to take full advantage of the career development potential that exists within this major global bank.

Please send full career details to
Barbara Turner, Personnel Manager,
UBS Phillips & Drew
100 Liverpool Street
London EC2M 2RH.

UBS Phillips & Drew

SALES - FOREIGN LANGUAGE COMMUNICATIONS An international translation company has openings in its U.S. Headquarters in Pittsburgh and its European office in Amsterdam for sales personnel with 3 years' successful experience selling foreign language communication services. Applicants must be computer literate. They will be responsible for marketing translation services to new and existing corporate accounts. Excellent salary and benefits plus commissions. Send CV to: The Corporate Word, Inc., 17 West Gateway Centre 2, Pittsburgh, PA 15222 USA (Fax: 1-412-391-3835)

WE CAN TELL YOU WHAT YOU CAN DO!

Our tests of aptitude and interests reveal your strengths, and which career will give you most satisfaction. Find out at any age what you really can do.

Free brochure.

CAREER ANALYSTS
90 Gloucester Place, W1.
071-935 5452 (24 hrs).

TRAINEE PARTNERS

Limited positions for ambitious individuals to work within specialist team of an Associate to a major world-wide organisation. Full training with potential for partnership and profit share within 12 to 18 months. Suitable for experienced Graduates and Professionals. For further details please call John Kilburn-Toppin 071-240 4942

BANKING FINANCE & GENERAL APPOINTMENTS

DERIVATIVES

Excellent Package **City**

Bankers Trust Company, a market leader in the development, origination, sales and trading of derivative instruments – is also at the forefront of credit risk management. To maintain this position they have a specialist team responsible for managing derivative related credit risk.

Situated on the trading floor, the team works closely with capital markets professionals and recommends strategies for managing credit risk with counterparties.

A new post has been created to complement the existing team and will involve:

- Assessing the bank's total exposure to, and financial strength of, a counterparty.
- Identifying methods to mitigate risk.
- Recommending and assisting implementation of risk reduction strategies.

This is a demanding post and success will require; strong quantitative skills, an understanding of derivative instruments, their structures and the benefits of master agreements (ISDA), general knowledge of credit lines and systems and spreadsheet modelling skills.

However, strength of personality is as important and should be coupled with energy, tenacity and diplomacy, as a good rapport must quickly be established with a diverse group of people.

Candidates must also be articulate, capable of selling ideas and possess the maturity to react positively in a constantly evolving environment.

The breadth of this high profile role will ensure excellent opportunities for future career progression.

If you are interested in pursuing this unique opportunity, please call our consultant Niall Macnaughton on 071-248 3653, or write to him at BBM Associates Ltd. (Consultants in Recruitment), 76 Watling Street, London EC4M 9BJ. Alternatively use our confidential fax line on 071-248 2814. All applications will be treated in the strictest confidence.

Bankers Trust Company

A screen based financial information service company to currency and fixed income dealing operations worldwide is seeking a

EUROPEAN MARKET ANALYST

to join our London based team. He or she must have:

- A degree in Economics.
- 5 years experience as Economist, preferably with a city institution. Emphasis is on knowledge/experience of International Bonds and on coverage of European Economies.
- A high degree of market sensitivity - as the service is continuously updated on-line, quick reaction time, analytical ability and effective communication skills necessary for writing specialist economic commentaries.

The right candidate will have an opportunity to take over responsibility in a team of analysts who have an excellent reputation in the market place. In the first instance please forward your C.V.to:

Nicola Carthy
Ried Thunberg & Co., Inc.
Jamaica Wharf, Suites 3 & 4, London SE1 2YU
Telephone: 071 378 0675 Fax: 071 357 7845

LAWSHARE

New securities dealing firm
Location – Kent

Currently applying for regulatory approval, LawShare has been founded by substantial legal/professional firms with in-house fund management businesses. It will execute/settle transactions, and procure research, for a wide range of Agent firms at attractive cost through controlled and systematic operations.

Opportunities exist for the following important appointments:

Chief Operations Officer

Remuneration: c£30k package + options

To be LawShare's Senior Executive Officer, combining the roles of Finance Director and Compliance Officer (per SFA), reporting to part-time Managing Director. Responsible for day-to-day operations including quality of services to client Agents, finances, operational efficiency, regulatory reporting and TAURUS plans. Directorship and options envisaged after probationary period.

Settlements Manager

Remuneration: c£20k package

Responsible to COO for management of key settlements and compliance functions. Min 5 yrs broad experience of TALISMAN and preferably international settlements with exposure to compliance procedures. Familiarity with Consort Data SDS system an advantage.

Dealer

Remuneration: c£20k package

Responsible to COO for dealing services to Agents plus supervision of research distribution. Min 5 yrs general dealing experience covering gilts/equities, current SFA Reg Rep status. Systems proficient and prepared to work as part of multi-disciplinary team.

Availability from November 1992 required.

Write with CV/salary/ references to:
A B Greayer, Chairman-elect, LawShare, Edernish House, Sherborne St-John, Basingstoke, Hants RG24 9HZ

INVESTORS CHRONICLE

COMPANIES WRITER

We require an investment analyst/financial journalist. The job is an interesting and responsible one, analysing the performance of major quoted companies and giving an informed comment on the shares. Each companies writer has his/her own sectors but is expected to work as a member of the team.

Candidates need to be able to interpret a company's financial performance, assess its likely effect on the share price, and put this into clear, concise and entertaining language while meeting demanding deadlines.

Please send applications with CVs to:
The Editor, Investors Chronicle
Greystoke Place, Fetter Lane
London EC4A 1ND

CORPORATE BANKING

Swiss Bank Corporation, a fully integrated international bank, offers a complete range of high quality investment banking services through its global network.

Our continued success necessitates the expansion of our corporate banking group within the Merchant Banking division in London.

Working with the Investment Bankers and supported by a team of credit analysts, you will handle the credit related business activities for a substantial number of leading UK corporates.

A graduate aged 28-35, you will be credit trained, ideally with a major international bank, and have at least 3 years relevant experience and a proven record of success. Ideally you will be familiar with capital market and risk management products. A second European language would be advantageous.

The position offers excellent scope for further career advancement together with a highly competitive remuneration package.

Please write with full personal and career details to:

Mike Davies,
Swiss Bank Corporation,
Swiss Bank House,
1 High Timber Street,
London EC4V 3SB.

Swiss Bank Corporation
Schweizerischer Bankverein
Société de Banque Suisse

EUROPEAN FUND MANAGER (C.T.A.)

Central London **High base + Performance Bonus + Equity**

A small SFA registered Trading Advisor requires an entrepreneurial trading and marketing talent to help take the company forward to its next stage of development. The emphasis is on trading skills and the ability to attract funds. The company has a strong bias for fundamental/ arbitrage style trading. A strong background in Futures and Options markets is essential. The Company will offer a competitive base salary, a bonus tied to trading performance as well as equity ownership potential. The Company is backed by a private UK based international finance and investment group.

*Interested applicants should telephone **Jonathan Cohen or Frances Bell** on 071-493 0972 (fax 071-413 0976) or write enclosing a detailed CV at the address below.*

12 Curzon Street
London W1Y 7FJ
LONDON PARIS

JP
SEARCH AND SELECTION LTD
RECRUITMENT CONSULTANTS

Tel: 071-413 0972
Fax: 071-413 0976
MADRID

ACCOUNTANCY APPOINTMENTS

ROBERT HALF & FINANCIAL TIMES INVITE YOU TO A FREE BUSINESS BREAKFAST

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

COMPETITIVE ADVANTAGE

Can a Personnel Function really add value to your business?

on Wednesday 14th October 1992
At The London Marriott Hotel, Grosvenor Square, London W1 8.15am – 9.30am

This Robert Half Breakfast Briefing will be given by Terry Nolan, Personnel Director of Lever Brothers – the international soaps, detergents and hygiene business.

The talk will cover:–

- a review of companies personnel strategies during the 1980's and during the present recession.
- the differences between *services based on personnel* organisations and those which concentrate on designing for the future.
- what is "competitive advantage" personnel management and what is its place in business strategies.
- the outlook for the post recession 1990's and what that could mean for CED's and personnel functions.
- *the critical success factors for* competitive advantage in the employment market of the 1990's.

Terry Nolan's career has spanned a wide spectrum of personnel roles within the Unilever group ranging from employee relations assignments in large scale manufacturing units to brown-field re-*developments, and from* management development and training to specialist remuneration assignments. He has been involved in major change programmes most of his career. His special interest is in redesigning human resource strategies as part of an integrated business process. He is a regular speaker at seminars and conferences.

Places at the Breakfast are strictly limited.

If you wish to attend this free breakfast, please write to Rachelle Nelson at Robert Half, Freepost, Walter House, 418 The Strand, London WC2R 0BR (Telephone 071-836 3545)

ROBERT HALF
THE HUMAN FACTOR

Qualified Accountant

To offer a Treasury advisory service to Local Authority clients

In recent years, UBS Phillips & Drew, part of the triple A rated Union Bank of Switzerland, has established market leadership in the provision of Treasury consultancy and advice to a wide range of Local Authorities. A small, highly professional and committed team has developed this fascinating niche, both marketing the service and ensuring long term business by the quality of advice offered. We are looking for a young graduate accountant to join this team. Candidates should be of the highest calibre, with accountancy experience extending throughout the Treasury function, PC literacy, broad ranging business understanding and a high level of inter-personal skills. Although a CIPFA qualification would obviously be appropriate, we will be interested to hear from members of other accountancy bodies who can demonstrate these other strengths. Most positions nowadays demand hard work and a conscientious approach, but here the long hours involved, and the need to travel throughout the UK from our City base, make that requirement very clear. The rewards are the opportunity to become involved with the undoubted market leader in a fast developing market, and the security associated with a bank of our stature; as you would expect, the attractive salary is supplemented by a benefits package of the highest level.

Please send full career details to
Lorna McArthur, Personnel Manager,
UBS Phillips & Drew,
100 Liverpool Street,
London EC2M 2RH.

UBS Phillips & Drew

Financial Controller

The Netherlands

c.£55,000 (equivalent) + car + relocation

Our client, a major UK plc, is a world leader in the food, drink and hospitality sectors, with a comprehensive distribution network spanning all five continents. Recent growth in its European operations has led to the need to recruit a high calibre Financial Controller capable of managing the diverse activities of the Group's Dutch-based investment holding and finance company.

In this newly created position, reporting directly to the UK, you will act as the financial lynch-pin between group head office and its European central operations. Your ability to harness the potential of the existing finance team will be key to your success in overseeing all aspects of financial accounts preparation, management reporting, treasury management and statutory accounting relating to the Dutch operation. A vital facet of your role will be to forge a strong collaborative relationship with the internal tax specialist, advising, in particular, on the financial implications of European acquisition and disposal activity. Up to date technical knowledge will enhance your credibility in this regard

A UK qualified graduate chartered accountant, likely to be in your mid to late 30's, you will have subsequently gained extensive commercial accounting experience and have already worked in an international context, either in Continental Europe or within the UK subsidiary of a European company. You are energetic, team-spirited and a born problem solver, with first class leadership skills and an infectious enthusiasm. Success in this high profile role will guarantee access to a wealth of career development opportunities throughout the Group's UK and international operations.

Please write, in confidence, enclosing full career and salary details to Tim Knight, quoting reference A7951.

KPMG Selection & Search
2-3 Dorset Rise, Blackfriars, London EC4Y 8AE

GROUP CREDIT MANAGER

Ibstock Building Products Limited is the UK manufacturing subsidiary of Ibstock Johnsen plc, an international building products company, with 13 plants in the UK.

We require a Group Credit Manager to join the Head Office finance department who will be responsible for the central credit control department and liaison, co-ordination and advice throughout the group on all credit matters.

The position requires an ability to deal with all levels of management as well as handling negotiations with customers. The applicant should have experience in the construction industry and be a member of the ICM.

The remuneration package will be consistent with that of a large company and will include a company car. Interested persons should write enclosing a detailed C.V. together with current salary to:

Mr G R Bull, Ibstock Building Products Limited, Leicester Road, Ibstock, Leicestershire LE67 6HS

IBSTOCK

هكذا من الأصل

ACCOUNTANCY COLUMN

Matters of doubt as results hit the deck

Andrew Jack reports on worries over accountancy exam standards and the 'Friday night scramble'

HUNDREDS OF bleary-eyed trainee accountants woke up last Saturday knowing whether or not they had passed their exams before opening the results letter lying on the doormat.

While their immediate concern was celebration or commiseration, their experience raises one of several wider questions over the existing exam process.

The timing of the publication of results was one issue for the more than 4,000 people who sat the PE2 final professional exams for the Institute of Chartered Accountants in England and Wales in July.

Most important was the result. In line with a relatively consistent trend in the past few years, the pass rate among the 4,063 candidates was 52 per cent, with 15 per cent referred because they failed one of the four papers.

This did not go unnoticed by Mr David Hunt, chairman of the institute's education and training directorate. "While the best-qualified candidates acquitted themselves very well, the overall pass rate remains modest and we should like to see it improve," he said in a statement accompanying the results.

Intriguingly, the pass rate is substantially lower than in some other professional institutes, such as the Institute of Chartered Accountants in Scotland. More 80 per cent of candidates for its exams passed last time.

That might raise questions over the marking policies used. But Mr Phil Armitage, director of education and training at the English institute, insists standards are fixed, so it is the pass rate alone that varies.

Mr Graham Hambly, editor of Pass, a monthly magazine for trainee accountants, says he is surprised by Mr Hunt's remarks about the need for improvement, given that the trend has been relatively static – and was higher this year than many others in the recent past. "People have very short memories," he says.

While the institute lays stress on the number of students who ultimately pass after a number of attempts – which is much higher than half – he focuses attention on the frustrations for those who fail in the interim.

He says a survey by his magazine showed that 92 per cent of students wanted a "marking service", such as that offered by other professional institutes. Rather than simply receiving a slip telling students that they have failed a paper, the service would, for a fee, go through the answers and explain where candidates had erred.

Meanwhile, there is concern from students and a number of training managers in leading accountancy firms over the way the results are published.

Under the current arrangement, the institute sends out letters to every applicant on Friday, and at the same time distributes copies of the complete list of results to interested organisations.

Results appear in the Saturday edition of the Times, alongside job advertisements for those who pass, and resit offers from training firms for those who fail. Theoretically, every student will have already received their results by post at the same time on Saturday morning.

In practice, a rather different ritual has built up. Hundreds of trainees gather at main railway stations in London late on Friday to buy copies of the newspaper's first edition, which arrives before midnight and contains lists of all who passed or have been referred for retakes.

Many students do not want to risk their friends finding out first – or even calling them with the results before they have found out for themselves. As a result, they join the Friday night crowds.

Waiting for the results has taken on an extra urgency in the past two years, as accountancy firms cut costs in the recession and the threat of dismissal without a second chance looms for those who do not pass.

Mr Hambly says: "Students have waited eight weeks. They want the results as soon as possible. But I don't think this system works. It's all a bit tacky."

MR Mark Dawson, national examination training manager at Price Waterhouse, says: "There are people with champagne next to those in tears. It is a pretty disastrous affair, and so tense. It makes you wonder whether, if the people from the institute went along, they might change their minds."

He says that, after his results came out a few years ago, he went to Victoria station himself. His girlfriend got a paper first and found he had passed. She threw herself into his arms and said: "Congratulations, Mark, you've passed."

Unfortunately, the station was so packed that she threw herself into the arms of someone standing near him by mistake – who also happened to be called Mark, but who had not passed.

The process discriminates against those who live outside London and cannot obtain first editions of the paper. It has also caused tensions when typesetting errors have either omitted or placed wrongly the names of those who have passed.

Mr Phil Armitage says the present arrangement began in 1988, when a postal strike threatened to delay results sent by mail. Since then, he says staff have found there are far fewer complaints about using the newspaper to publish the results than before, when postal delays caused widespread anguish.

Price Waterhouse has no official view on the process by which results are circulated, although in common with other firms and several recruitment organisations, it provides a results hotline.

Mr Dawson said he and several other training managers had approached the Times to ask the newspaper to provide a telephone hotline so students do not have to take part in a Friday evening scramble.

He also said he would like to see publication of results delayed until Sunday, so students have the chance to receive individual results before they are made public.

Most students who have passed want their results to appear in a newspaper, but want the chance to learn the results first in private.

That is the more sedate approach taken by the Institute of Chartered Accountants in Scotland, which distributes its exam results to several Scottish newspapers for publication on a Sunday, after individual results should have arrived by post. "It is very deliberate," says Mr Ian Marrian, deputy secretary. "We want students to get the information first."

Timing may hardly be the most important concern for students – or their employers. But another of Mr Hunt's comments certainly is. He raised worries that the PE2 papers in which students performed most disappointly were those requiring practical experience.

That corresponds with the trend spotted by recruiters tha salaries and demand amon employers for manageme accountants has been far mo buoyant than for the ch tereds. In spite of recent eff at reform, it raises a far w question over the relevan the existing chartered ac tancy qualification.

APPOINTMENTS WANTED

ACCOUNTANCY APPOINTMENTS

هكذا من الأصل

THE BRITISH STEEL CHALLENGE

The toughest yacht race ever

Around the world with British Steel

TOMORROW the British Steel Challenge around-the-world race starts off Gilkicker Point, near Portsmouth. It will be the toughest yacht race ever. Chay Blyth, creator of the event, has based it upon his own solo circumnavigation 21 years ago in a boat also built of British steel.

Ten identical 67ft yachts begin the long haul off the Solent at noon. En route they will call at Rio de Janeiro, Hobart and Cape Town, returning to Southampton after a 28,000 mile voyage against the prevailing wind and currents.

"People want risk," analyses the Challenge originator. "They buy fast cars, go skiing - it's all to do with adrenalin."

Experienced race officials from the Royal Ocean Racing Club, the most internationally respected body in the field, will advise on race administration. Each yacht is skippered by an experienced professional yachtsman or woman.

David Thomas, the designer whose Sigma range of cruiser/racers dominate club sailing in the UK, has designed the Challenge yachts. Identical in every respect, from hull

Chay Blyth on 'British Steel' in 1971

shape to sails and deck layout, they will compete on equal terms without handicapping.

Aboard each boat will be a crew of 13 trained but essentially amateur volunteers. The cynical sun-tanned professionals are not part of this round-the-word race. These crews have forsaken homes, jobs and families to take part in the greatest adventure of their lives.

Sponsors have backed each individual yacht, companies as big as Group 4 and Commercial Union. Yet often the biggest financial efforts have come from the individuals taking part, each of whom has raised £14,850 to pay for their race berth and two years of training preceding tomorrow's denouement. They include company directors, shop assistants, doctors, unemployed people, engineers and even a lettuce grower.

"Many had never set foot on any sort of sailing boat before signing up for the Challenge," commented Chay Blyth. Her Royal Highness, the Princess Royal, is patron of the Challenge and has already shown a keen interest, sailing on several of the boats.

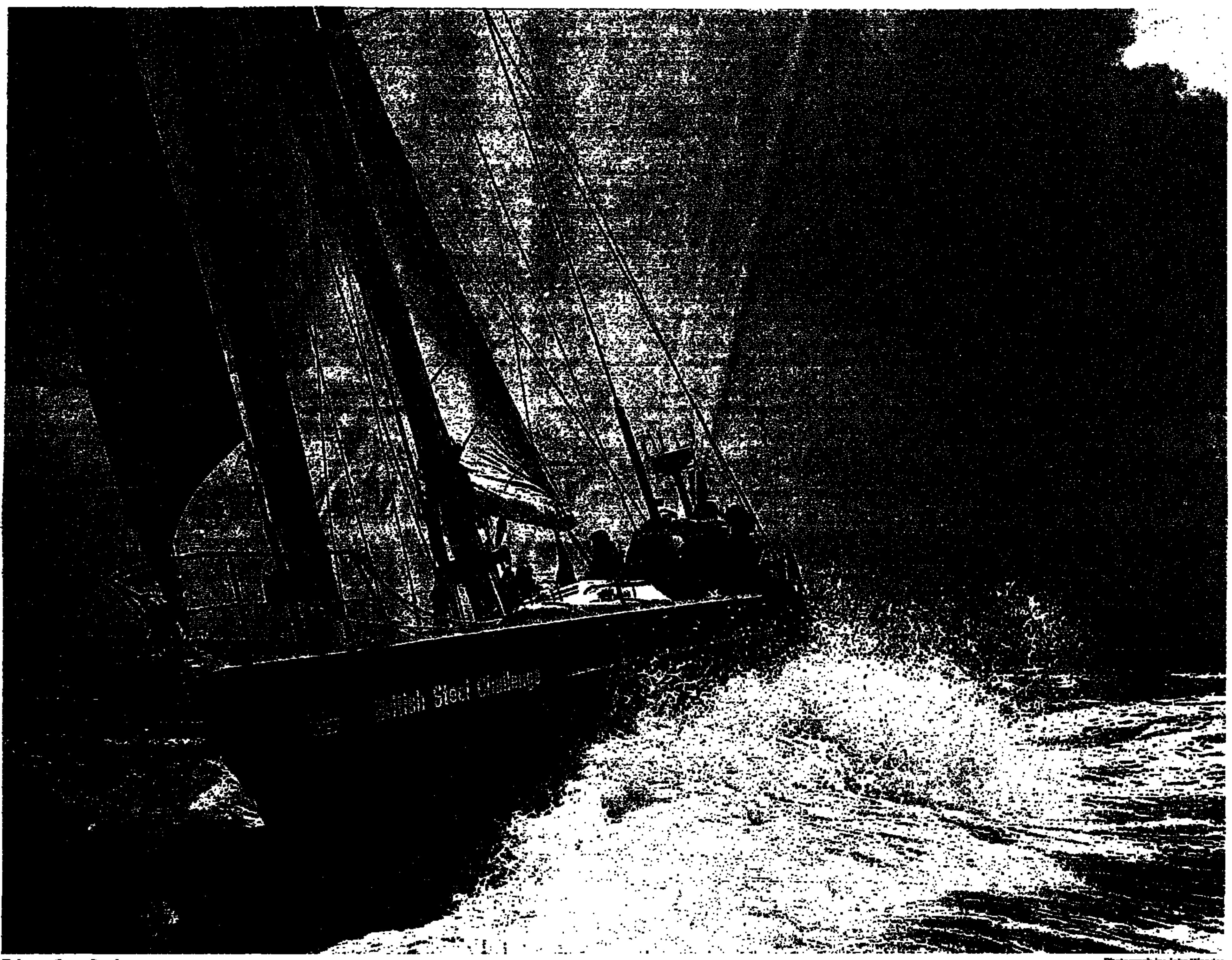
From the outset, the British Steel Challenge was designed by Blyth to put the oomph back into yachting - and to do it for anyone with the courage to carve an adventure out of ordinary life.

The yacht which wins will be sailed by the crew that works best as a team and has the skill, determination and stamina to drive her day after day, week after week.

Media interest in the race has already been phenomenal. Press coverage is being measured by the column fathom rather then the column inch. BBC television are giving extensive coverage to tomorrow's start and over the eight months of the competition will produce a sequence of one-hour documentary programmes using a great deal of onboard video. Radio 2 are covering the start live from 11.30 am.

Blyth is uncharacteristically modest about his role in creating something to rank with the Whitbread race or the America's Cup - sailing events with decades or even centuries of tradition behind them. "I've never seen myself as a yachtie," says the Scots ex-paratrooper.

"What I'm good at is raising the money and giving the participants and the sponsors what they want. There's nothing new in any of this. Queen Isabella sponsored Columbus."



Fair weather... for the moment

Photograph by John Wender

Why British Steel is backing the Challenge

Brian Moffat

NOSTALGIA is the first thing to discard when considering British Steel's involvement in this epic yacht race. Of course, the company backed Chay Blyth's 1970/71 solo circumnavigation. Anniversaries are a good time for looking back. But since then British Steel has changed enormously and so has the nature of sponsorship.

However, what hasn't changed one iota is the spirit of adventure, comradeship and fortitude necessary to succeed, both in the wastes of the Southern Ocean and in international business.

Grit is what you need.

Two decades ago it was one man and one boat; now there are 140 men and women in a spectacular fleet of 10 identical yachts.

The British Steel Challenge renews British Steel's association with Chay Blyth, 21 years after he set a world first in his solo voyage - the wrong way round the world - in the yacht British Steel. His record still stands. This time a collaboration between British Steel and Chay Blyth is giving ordinary men and women the opportunity to experience the adventure of a lifetime.

British Steel's Chief Executive, Brian Moffat, has been watching the planning and development of this project with keen interest since it was announced back in 1989. The long build-up to the race climaxes at the start-line in the Solent tomorrow. Everyone involved is going to experience something very special - something they will almost certainly never be able to repeat.

Millions of words have already been written and broadcast about how great a strain it will be on the competitors, but the race will also be a big test of materials.

"The race underlines the fact that steel is the world's premier material." says Moffat "It has all the properties and characteristics required. It's strong, durable, flexible, versatile; all in all, the perfect choice for an event which will put British Steel's product on display in a most dramatic and exciting way."

During the last decade the company has shown an equivalent strength of character to that of the crews in turning its business into one of the most efficient steel companies in the world.

It faces a renewed challenge in the present recession but given the combined experience and competitive spirit of management and workforce there is no doubt that it will win through yet again.

British Steel is the UK's largest steel manufacturer, and the third largest in Europe, with an annual liquid steel output of around 14 million tonnes; it is also one the world's lowest-cost producers.

Company turnover is in the region of £5bn per year and it is rated Britain's sixth largest manufacturing exporter, with overseas business worth more than £2bn a year. Globally the Company employs over 56,000 people and makes about 75 per cent of Britain's liquid steel output at four large plants: Port Talbot and Llanwern in South Wales, Scunthorpe in South Humberside and Teesside in the North East.

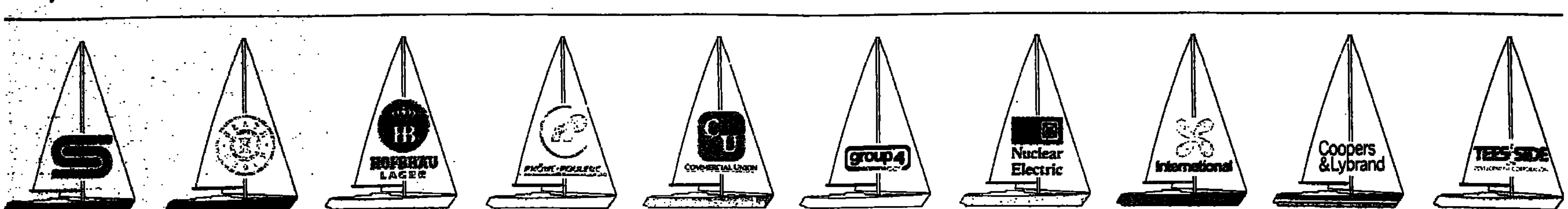
These places are a far cry from the ports of call in the race, which will be followed by millions of spectators in print or on television over the coming eight months. When the fleet docks in Rio de Janeiro, Cape Town, or Hobart the focus of attention will be on the competitors themselves. Yet always in the background will be the name and identity of British Steel, making the whole event possible.

The company's strength and adaptability stem from its constant attention to cost reduction, product quality and customer service at all times and through all market conditions. It is not unlike the skills needed to react to the weather at sea.

During an ocean race the skipper must take both a tactical and strategic view of the weather systems that continually confront him.

In recent years, British Steel has made significant investments in new plant and equipment and has extended an already wide and well-established range of quality finished products to meet the needs of increasingly demanding markets.

As Brian Moffat puts it: "What better way to demonstrate the international nature of our business, while demonstrating the strength and versatility of steel, than through the British Steel Challenge?"



BRITISH STEEL II	HEATH INSURED	HOFBRÄU LAGER	RHÔNE-POULENC	COMMERCIAL UNION ASSURANCE	GROUP 4 SECURITAS	NUCLEAR ELECTRIC	INTERSPRAY	COOPERS & LYBRAND	PRIDE OF TEESSIDE
Skipper: Richard Tudor	Skipper: Adrian Donovan	Skipper: Pete Goss	Skipper: John O'Driscoll	Skipper: William Sutherland	Skipper: Mike Golding	Skipper: John Chittenden	Skipper: Paul Jeffes	Skipper: Vivien Cherry	Skipper: Ian MacGillivray

ADVERTISEMENT

THE BRITISH STEEL CHALLENGE

Anatomy of a British Steel Challenge yacht

WHEN Chay Blyth began considering detailed arrangements for this race, he was in no doubt what material he wanted the boats constructed from. "If I was sending 140 people down to the Southern Ocean I wanted the yachts as near bullet-proof as possible," said Chay. That meant steel. In 1971 the original circumnavigating British Steel arrived home after 292 days at sea with the hull in much the same condition as when she had left.

"Above all other considerations in designing ocean racing yachts must come the requirements of strength and safety," commented David Thomas, designer for the British Steel fleet and also responsible for the best-selling Sigma range of cruiser/racers. "No yacht venturing into the Southern Ocean to weather Cape Horn should do so with the slightest suspicion of its *structural integrity.*

"For this reason, I agree wholeheartedly with the decision to build the Challenge fleet in steel. While steel might not be the choice for a lightweight, downwind, "flying machine" it is certainly right for a yacht designed to race the "other-way-round", against the prevailing winds of the world.

"From the point of view of ultimate safety, steel wins on all counts. The strength of a material describes the force needed to break a sample of it, while its toughness refers instead to the energy needed to do so. The energy is equal to the force, times the amount the material stretches under load before rupturing. A stretchy, ductile material like steel is much tougher than a more rigid material of the same breaking strength.

Added to its toughness, steel has the virtues of durability, low cost compared to more exotic materials, and ease of maintenance. It is also suited to volume production - a vital factor when building such a large fleet in a short timescale.

Its weight is the reason why it is not commonly used in racing yachts but with a fleet of identical yachts competing solely against one another, this *becomes irrelevant. Indeed it* will become a positive virtue in the heavy seas that the crew will encounter along their 28,000-mile route.

"A certain amount of extra weight, or displacement in nautical terms, makes a yacht easier to sail to windward," added David Thomas. "When all yachts in a race are identical in design and weight, they are known as One-designs. They all have exactly the same speed potential. The easier it is for the crew to achieve this optimum speed, the closer the racing will be.

"Success now comes through tactical planning and crew skills in keeping the yacht *at its optimum speed* as often as possible by selecting the right sail combinations and trimming them to maximum effect. The British Steel Challenge could see whole groups of yachts finishing within minutes after thousands of miles of racing.

"On deck and aloft the same principals of strength and functionality rule. The 80ft mast carries a cutter rig which divides the 1932 sq ft of sail into three separate components - a mainsail and two headsails. This is both more manageable and more easily repairable for long distance sailing.

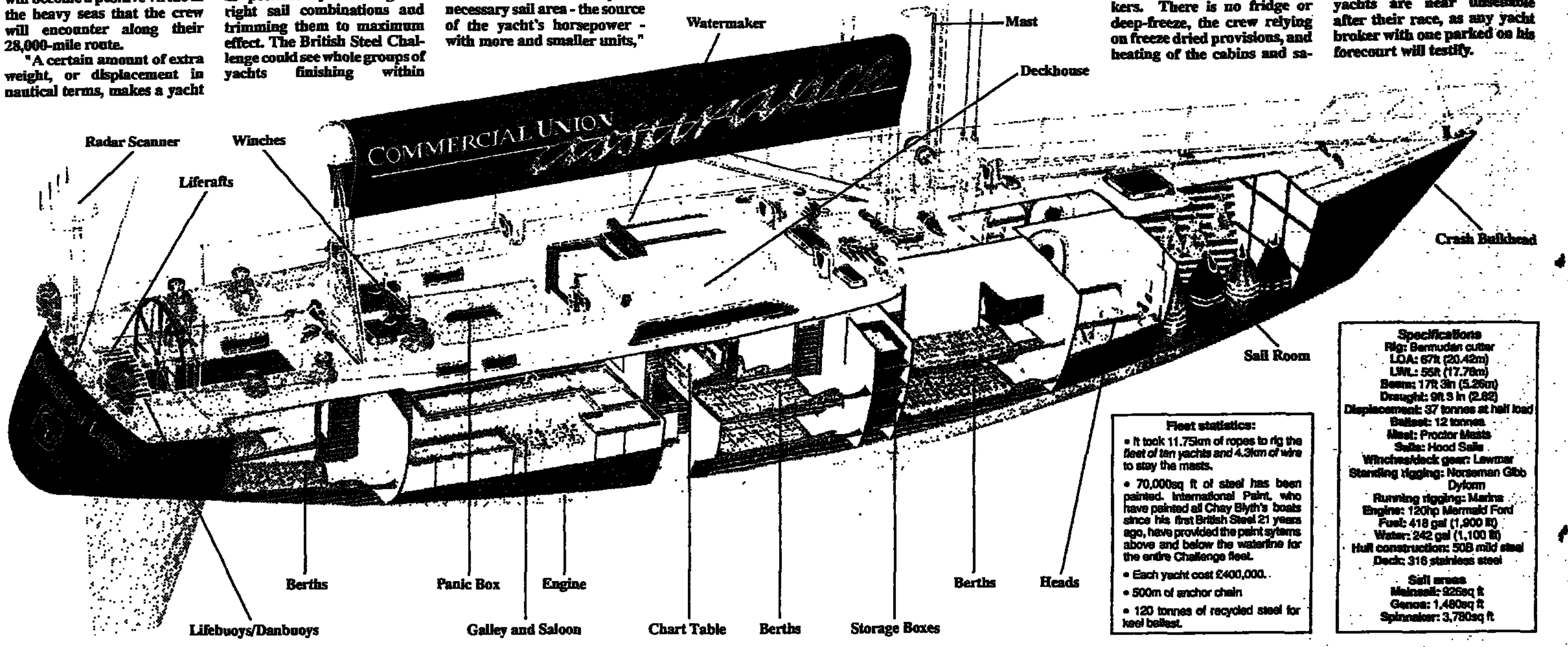
"This cutter configuration was chosen to make up the necessary sail area - the source of the yacht's horsepower - with more and smaller units," commented David Thomas. "Although skilful selection will still be necessary to maintain maximum speed, again the crew skills will be crucial particularly in handling the massive spinnakers which only come full-size."

The deck layout uses the finest equipment available and the large deep cockpit gives the shelter and protection so necessary when beating into big seas. Conditions down below would barely be recognisable to anyone who has witnessed the damp, slum-like dungeons in which round-the-world crew normally live.

The crews share six separate cabins. There are two toilets, one with a shower (unimaginable luxury on a more "conventional" racing boat) and in the aft area a full- width galley/saloon area capable of seating the whole crew. Here the motion of the yacht is smoothest and quietest. Aft again are the two best cabins, one for the skipper and one for whoever can put up the best case for claiming it.

Normally meals will be taken at the change of each watch. This area is comfortable and well-ventilated with a comprehensive galley. Cooking is by LPG and while they carry some 200 gallons of emergency water, the yachts will rely for their daily needs on high- capacity watermakers. There is no fridge or deep-freeze, the crew relying on freeze dried provisions, and heating of the cabins and saloon is by circulation of warm air.

These yachts rise superbly well to the challenge of providing a safe, relatively comfortable yet demanding platform from which to race. Extremes of both discomfort and speed which characterise races such as the Whitbread have been avoided and - another huge difference - the yachts are already in demand for sale afterwards as larger cruisers. Normal "one-off" racing yachts are near unsellable after their race, as any yacht broker with one parked on his forecourt will testify.

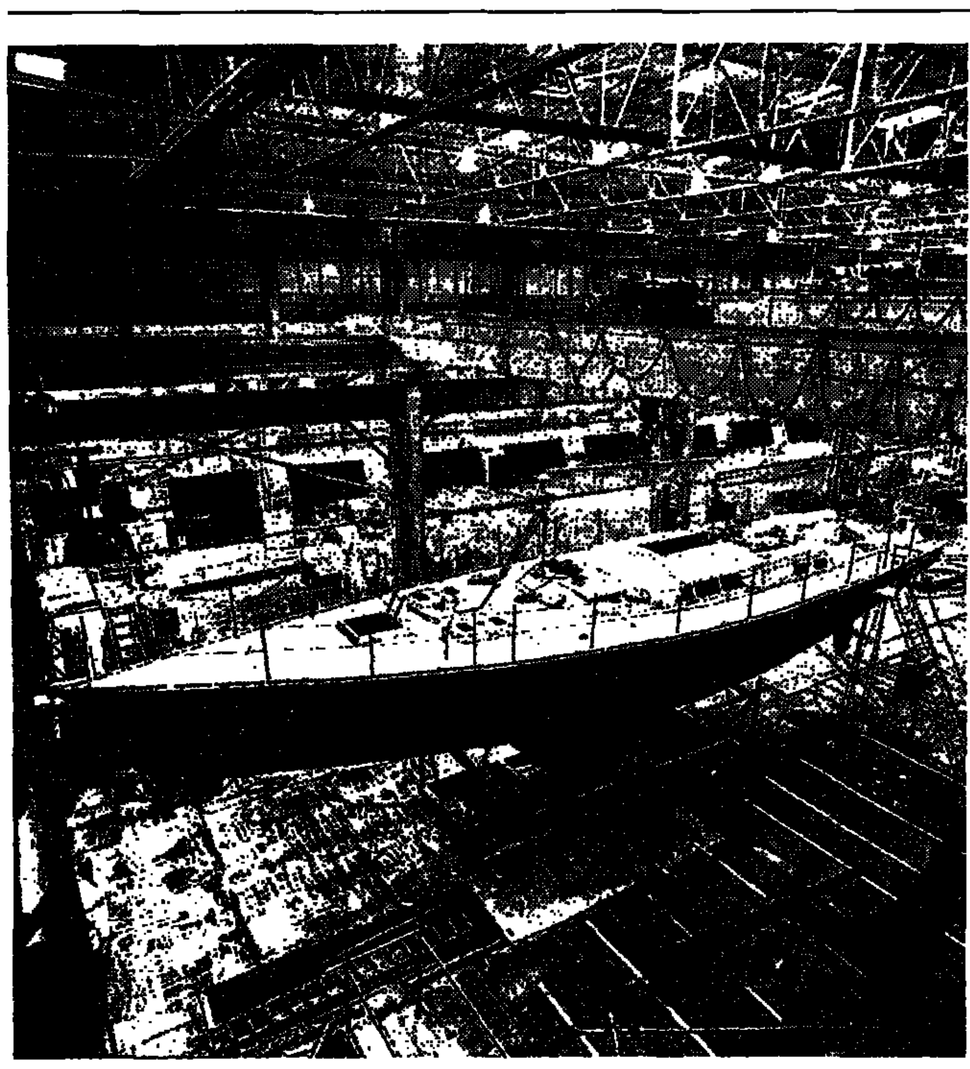


Fleet statistics:

- It took 11.75km of ropes to rig the fleet of ten yachts and 4.3km of wire to stay the masts.
- 70,000sq ft of steel has been painted. International Paint, who have painted all Chay Blyth's boats since his first British Steel 21 years ago, have provided the paint sytems above and below the waterline for the entire Challenge fleet.
- Each yacht cost £400,000.
- 500m of anchor chain
- 120 tonnes of recycled steel for keel ballast.

Specifications
Rig: Bermudan cutter
LOA: 67ft (20.42m)
LWL: 55ft (17.78m)
Beam: 17ft 3in (5.26m)
Draught: 9ft 3 in (2.82)
Displacement: 37 tonnes at half load
Ballast: 12 tonnes
Mast: Proctor Masts
Sails: Hood Sails
Winches/deck gear: Lewmar
Standing rigging: Norseman Gibb Dyform
Running rigging: Marina
Engine: 120hp Mermaid Ford
Fuel: 418 gal (1,900 lt)
Water: 242 gal (1,100 lt)
Hull construction: 508 mild steel
Deck: 316 stainless steel

Sail areas
Mainsail: 926sq ft
Genoa: 1,480sq ft
Spinnaker: 3,780sq ft



Getting shipshape at Devonport

Tides of change at Devonport

ONCE steel had been chosen as the material for the yachts, finding a builder with the skills and capacity to construct 11 large identical yachts (10 for the race plus one prototype/trainer) in short order was a challenge in itself. Large shipyards were used to working in steel but unused to yachts. Conventional yacht builders tended to be orientated towards GRP (glass reinforced plastic) or not geared to production line work.

Devonport Management Ltd, the privatised former Royal Devonport Dockyard at Plymouth came to the rescue. With 300 years of naval shipbuilding behind it, Devonport has no shortage of skilled shipwrights and a tradition of rising to the occasion when a tight deadline looms.

A fabrication shop formerly used to build frigates for the Royal Navy was given over to the British Steel Challenge construction programme. Initially identical jigs were built over which the hulls would take shape. These jigs were welded to the workshop floor to ensure that they could not move as construction went on over them.

The 4mm-thick hull plating (8mm at the bows) was applied vertically from sheerline to keel in 2ft wide strips and welded together. This made it easier to work the plating into the compound curves required by the design. *And finally, the hull* was ready to accept the deck. This was built separately out of stainless steel for easier maintenance.

Once the first yacht was completed and named by Princess Anne, almost every observer present at the unveiling was impressed by a sweetness of line and fairness of hull shape rarely found in steel construction. "The best compliment that we have had today about the yacht is that it looks as if it has just come out of a mould," said DML managing director Mike Leece. "That is fine praise indeed for the Devonport skills which fabricated this vessel."

Around the yard, which has suffered much in recent years from the contraction in size of the Royal Navy and the winding down of government defence spending, there was a tangible sense of pride and well-being. Redundancy notices had been more common than bouquets in recent years at Devonport but here was a high-profile chance to show the world what traditional skills and attitudes, combined with modern materials and methods, could achieve.

***Each yacht's keel consists of 12 tonnes of cast recycled steel.**

***Each hull took 40 days to paint with six coats inside and 10 outside**

***Each yacht has 10 sails which weigh half-a-tonne and cost around £35,000 per set.**

***At the start of each leg the fully-provisioned yachts will weigh 28 tonnes. Over six weeks of sailing they will use four tonnes of stores and float three and a half inches higher.**

Satellite news from the fleet

COMMUNICATIONS for the British Steel Challenge represent the most complete and advanced package of communications ever assembled for a global sporting event. Thanks to British Telecom technology, participants and their families will not only be able to talk to each other on a regular basis, but track the yachts' positions as the race progresses.

The latter facility will prove invaluable for journalists and sponsors - those with a professional interest in knowing each boat's exact whereabouts. Anyone with access to a fax machine has entry to a sophisticated tracking system in which signals are bounced up from the competitors to an Inmarsat satellite and then sent earthwards to be processed on a BT mainframe computer.

Fax Information Retrieval System (FIRS), developed by BT *for the Whitbread round the* world yacht race three years ago, allows anyone in the world to dial up faxed progress reports and charts simply by using any fax machine's polling facility. Calls are charged at standard national rates, with evening or weekend calls cheaper.

From the sailors' point of view the equipment is marvellously small and light. "Inmarsat- C is being used for the first time in the British Steel Challenge," explained Edward Scott, head of BT's international promotional projects. "Because it provides data only, rather than voice, it can be very small indeed. The radome is not much bigger than a policeman's helmet while the below-decks transceiver is not much bigger than a woman's handbag."

Quality of communications has improved immeasurably in recent years. "Because Inmarsat is satellite-based it doesn't rely on bouncing signals off the stratosphere - and that means no de*gradation in the signal.* Voice comes across very clearly, without any snap crackle and pop. Data arrives at the other end in the same form in which it left - zero corruption."

Of course, before each yacht can report its position it has to know it. That happens via the Global Positioning System. Armies involved in the Gulf War used it to find out exactly where in the desert they were. It is the electronic equivalent of taking a sight with a sextant, except that instead of the sun or stars the object to be "shot" is one of three geo-stationery satellites.

"We can track things with an accuracy of, at worst, fifty metres anywhere on the earth's surface," added Scott. "On average the figures are closer to 20 metres." In its military application GPS can pinpoint a hostile asset such as an enemy tank or mobile missile launcher to within one metre.

Knowing where a yacht is now, and knowing its position, say, six hours ago means that a great deal of data can be deduced about its performance past and expected. A BT- developed software programme compares the signal from GPS with previously received information and calculates each yacht's course, speed-over-the-ground, elapsed time and distance to run to the finish *line. It will even forecast arrival* time at the next port.

However, these are just the

Keeping in touch

bare numbers. Everyone will want to know how life is going aboard, and the tactical options being considered. Each yacht is equipped with an IBM laptop on which the skippers will keep their daily logs. Their reports will be fired off to race headquarters in Hampshire once a day via Inmarsat-C.

The era when a yacht deep in the Southern Ocean might not be heard of for days on end - leaving relatives and race organisers worried about the grim possibilities should it not be a simple radio failure - are now over. In an emergency two panic buttons pressed on the satcom system send out an alert simultaneously to the world's rescue systems, *making a conventional Mayday* unnecessary.

More mundanely, many media outlets will want to tap into the fleet's progress in greater detail than the FAX printout. The BT-programme can also generate nine chart displays for each leg, ranging from the whole of the Southampton to Rio section down to a five- mile square box in the South Atlantic showing just a pair of yachts and their tracks.

Access to this powerful visual information is open to anyone with an IBM compatible 386 PC who is willing to buy the £45 +VAT software from BT. It enables race-watchers to download and manipulate race-data themselves for the cost of a simple STD call. The full colour VGA charts can be adjusted to show areas such as the start in greater detail and then printed off on a standard Postscript printer.

Challenge fleet is set to monitor the environment

SAILING around the world in the British Steel Challenge should stimulate the imaginations of more than just the 140 people actually racing aboard the yachts. The "adventure of a lifetime" has obvious attractions for young people everywhere.

Since interest and curiosity are invariably the precursors of effective education, the race provides an almost unlimited range of possibilities for student research and discovery. British Steel has created an educational programme built around the Challenge.

Over 3,000 schools in Britain have already responded to the initial paper-based project pack which compares sailing life today with how it was in the 15th century, navigation and maps, life onboard, and flotation and *forces.*

A second strand of the programme involves the Campus 2000 educational electronic mail system for schools. This will provide daily updates on the Challenge fleet with details of speeds, positions and weather for each yacht. Since this is an international system, contacts are already firmly established with schools in the stopover ports of Hobart, Rio and Cape Town.

Interestingly, in Cape Town there are four Education Departments taking part involving nearly 50 schools divided by race. However, the departments themselves see the Challenge programme as a way of interacting and learning about one another prior to their statutory integration in the near future.

For many of these institutions *it will be their first contact with* schools in other parts of the world.

Other children around the world are to benefit more than just educationally from the race. The British Steel Challenge aims *to raise £250,000 for Save the* Children, the UK's leading international children's charity - a rare fundraising activity for a sporting event of this nature.

"I was absolutely delighted when the crew volunteers chose Save the Children as the charity *to benefit from the Challenge,"* said Chay Blyth. "By raising money for the excellent projects which STC undertakes across the globe, they will expand their personal achievements." Crew members have already raised or pledged nearly £100,000 for Save the Children and fundraising activities will continue through the race itself. "We are delighted with this support and it seems particularly appropriate that this round- the-world race will help our projects around the globe. This will be a real boost to our income," said John Kingston, director of fundraising for the charity.

Ocean Vigil is an environmental study to be carried out aboard all the yachts during the race. The Marine Conservation Society, in conjunction with Yach*ting Monthly magazine, has* organised the programme. Sightings of dolphins, whales and distant-ocean pollution will be passed back to the Society and re-directed to relevant international specialists.

Additionally, British Steel II

Following the fleet

will take water samples from remote areas of the oceans. Laboratory analysis in Britain, according to researcher Brian Van Herbert may show to what extent the depletion of the ozone layer effects the microscopic plankton. He *believes these tiny* organisms and some single-celled plants at the base of the aquatic food chain may already be adapting adversely to atmospheric changes.

"Plankton are important in fixing carbon dioxide. *Without* them more of the gas will be available to add the "greenhouse effect" commented Van Herbert. "Such widespread marine invertebrates and plants might seem to be at low risk of extinction, but that just isn't the case.

"Thorough scientific knowledge of species distribution is lacking because of the difficulty in sampling the more remote oceans." As the crews of the yachts will come to realise, the Challenge fleet is going where *few other vessels ever venture.*

Men of mettle Boats of steel

TOMORROW when the British Steel Challenge starts off Gilkicker Point near Portsmouth, life enters a new orbit for the 120 paying crew-members. They signed up nearly three years ago, most not knowing a halyard from a half-nelson. Each has raised £14,850 to pay for the trip, often through enormous sacrifice.

"It seemed like such a huge sum at the beginning," reflects Lisa Wood, formerly deputy superintendent at the Royal Cambridge Home for Soldiers' Widows. "Now I think about what value it has already been to me."

Wood, cheerfully admitting that she has sold nearly all her worldly possessions to pay for her berth, is a fund-raising legend in the project. She once auctioned the spotlights off her Mini to pay for petrol to get to the next leg of the Challenge training course. The car itself has now been sold.

Even those who have had less trouble meeting the financial commitments have had to make major sacrifices, often accompanied by endless heart-searching.

Dr Jon Myers is a young casualty doctor who has just resigned from his promising job at a major London hospital to crew on the yacht Hofbrau Lager.

"I felt quite sad, very strange indeed, driving away from the hospital on that final day," mused Myers. "It was like leaving home all over again. But this race has taken over my life.

"It has influenced the timing of my wedding. It has caused me to postpone basic decisions like buying a house or planning my job. It still seems so far away. I just can't visualise myself in the Southern Ocean yet."

Older professionals have put solid, established careers on hold - with no security that they can just be picked up and resumed - to take part in the race. Men and women who pride themselves on rational analysis have found themselves forced to confront the fact that there is no objective, sensible reason for going and giving up so much. And yet, and yet...

"I had an excellent job with a very good salary. I enjoyed it and I was good at it," reflected Roger Pratt, who recently resigned from the board of a major London advertising agency to take part in the 28,000-mile race.

"I still find it nearly impossible to give a logical reason why I am doing this - probably there isn't one. I do have some concern about what happens when I get back. I shall be 47 and unemployed. I'll have no income and no home and need a job fairly badly. The numbers don't add up but there is more to life than numbers."

One group who are doing the race for more than simple satisfaction are the 10 paid skippers of the yachts. They are sailors of the highest experience, yet chosen at least as much for their empathy with the ordinary men and women who form the crews. Vivien Cherry is the only woman skipper.

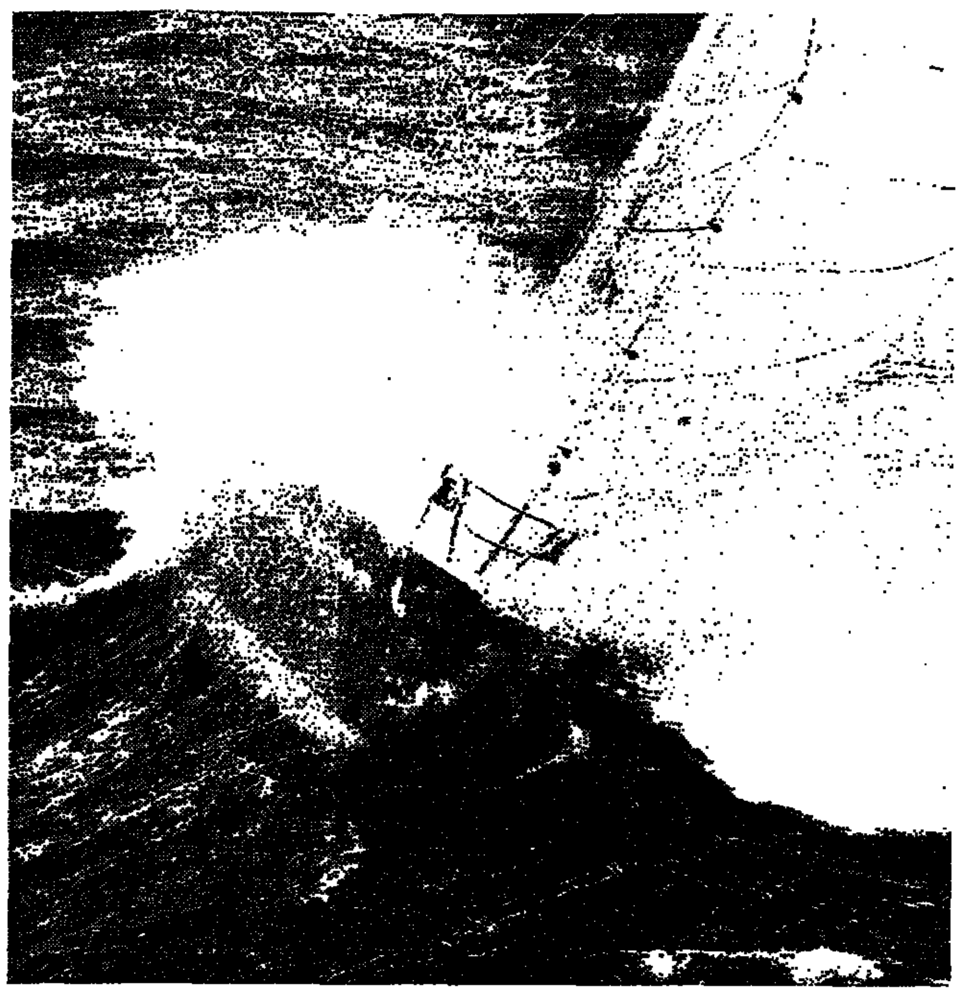
"The fact that all of them have had to come up with so much money shows they are determined to make the most of this experience," commented Vivien, helming Coopers & Lybrand.

"In a way it is quite a selfish thing for some of them to be doing - not that there is anything wrong with being selfish if it means fulfilling a lifetime's ambition. But some will be leaving behind partners and putting their everyday life on hold for eight months while they pursue their dream. It has its risks."

Even before the race begins the lengthy training programme has involved considerable commitment in both time and emotion. Rhone-Poulenc, for example, engaged French solo ocean racer Lionel Pean to shape up its crew of novices. Amongst Pean's gambits was to keep the entire crew penned within his small locked house near St Malo for a week to accustom them to living with one another in cramped conditions.

Rhone-Poulenc also brought in a sleep deprivation expert to devise a less abrupt transition from sleep to on-deck in full foul weather gear. Such training was arduous but essential to weld a mixed-age, mixed-ability crew into one that understands this is not just an adventure, it is a race.

Chay Blyth, virtually alone at the beginning, never had any doubt that there was a streak of dormant adventure in the slipper-loving British public. "I wanted a race that anyone who put their back into it could afford," he said. "I was amazed and excited by what I found. Believe me, the spirit that inspired the adventures of old is very much alive today."



Braving the elements in the South Atlantic

That first week when the race was announced from the London Boat Show still lives on in Challenge folklore. Many of the crews who will sail tomorrow simply piled into cars and trains and headed to Earls Court. In some ways it resembled a miniature medieval crusade.

"I heard about the Challenge on television and the following afternoon arrived at the Boat Show to sign up," recalled Kate Twyman. "My hand shook as I signed the cheque through sheer excitement and anticipation. I had signed up to race around the world - one of my long-standing ambitions. I needed a drink. So did my mother who was with me.

"The next thing was to tell my stepfather, a veteran of the Blue Funnel Line and an RN reservist. When I had left the room he said to my mother 'How could you stand next to her and let her sign up? You have no idea how dangerous the Southern Ocean can be.'"

Yet on the eve of the race, the more thoughtful crew-members know that re-entry into humdrum, everyday life next spring is likely to be at least as stressful as anything the roaring oceans can throw at them. Bill Vincent is a 46-year-old carpenter at Bath University, a calm amiable man devotedly married to a teacher and with two teenage sons. For the next 36 weeks he is, however, a crewman aboard Heath Insured with few responsibilities other than to his ship-mates and his own survival.

"I'm already worried about how well I'll be able to fit back into my old life when we dock at Southampton next year," pondered Vincent. "I was so happy before - it was a lovely life. Then this came along."

Blyth's spirit

ONCE upon a time, when Lord Wilson was prime minister and the Beatles rode the crest of the Hit Parade, a British Army sergeant went to sea. With fellow para Captain John Ridgway, sergeant Chay Blyth rowed across the Atlantic in an open boat. Their mini- skirted wives were photographed watching anxiously from Land's End and when the intrepid pair landed they made magazine covers from Stern to Newsweek.

"It was my first trip in a boat," recalled Chay, who has since sailed every conceivable kind of boat in virtually every major race. "For me it was simply another exercise in survival - the kind of thing I had been doing in the Radfan mountains above Aden with 3 Para. But we successfully completed the crossing and I was catapulted into a different world - one which introduced me to yachts."

Blyth once said to a potential crewmember that they couldn't have met before - the sailor would have remembered him. No one forgets Blyth. Americans would call him feisty, a "wee jock" as he sometimes refers to himself, with endless chat and as tough as nails. Although he has been a success in business and sport his heart is still in 3 Para and he refers often to "the regiment".

Chay Blyth was one of seven children, the son of a railwayman in Hawick. The Army made him. He still tells the interviewer proudly that he was the youngest soldier promoted sergeant since the Second World War. Blyth also knows the ways of the world. When his paratrooper crew came ashore from the yacht Great Britain II in the 1973 Whitbread round the world race they were immaculate in blazers and grey flannels.

Things are presented right with Chay. In his middle years he learned how to dance to the establishment's tune. Now he is successful and confident enough to play his own rhythm - and have others fall into step.

"Thousands, maybe millions of people want to sail but don't because it's seen as elitist, " he has observed. "It's not, although the first time I went to a yacht club I felt really uncomfortable. In those days I couldn't string three words together.

"Sailing is a risk sport, but full of excitement and adrenalin. Nowhere near as dangerous as rugby or hunting of course." Blyth fell in love with 'the ponies', as he calls them late in life. He hunts with the East Cornwall, where he was once joint-master. "If you don't want risk or excitement buy a bag of cotton wool and sit inside.

"He is gloriously unabashed about having created the British Steel Challenge to give other people fun and make himself some "real money". He has lived well from his various nautical

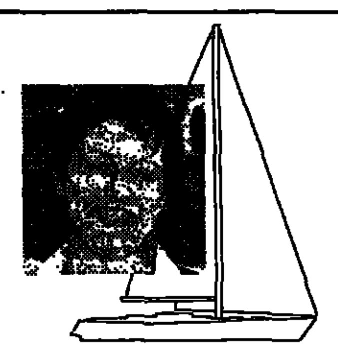
Chay Blyth

exploits, Blyth's thickening waistline testifying to his prowess as an entertaining and highly paid after-dinner speaker. But this is business with a capital B.

"My one quality is to recognise an opportunity and take advantage of it," he is fond of saying. "I love the cut and thrust of negotiation. Prepare yourself for every meeting. Everything is negotiable".

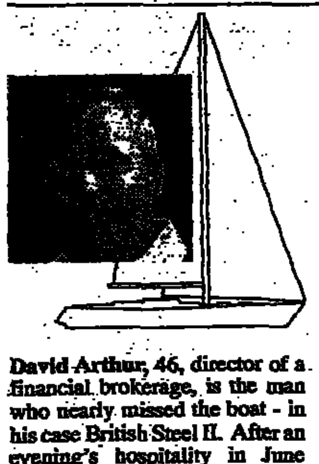
Faces from the fleet

What kind of person would willingly risk life and limb battling against waves as high as a house, whilst trying to keep down their lunch? Here are a few.

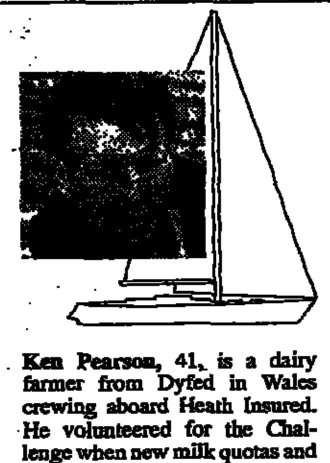


Carol Randall, 33, is editor of the weekly Harborough Mail in Northamptonshire. An accomplished athlete, she was shocked by her first trip to sea. "Living at sea is a total assault on your system. It plays havoc with your metabolism," says Randall.

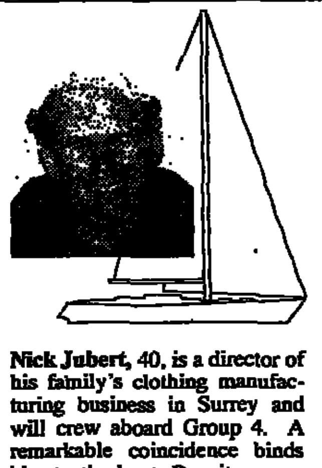
John Carter, 37, a computer manager from Chalk Farm, North London, will crew aboard Group 4. He predicts his experience as follows: "Enjoy it 65 per cent of the time, be bored for 20 per cent of the time, and be absolutely terrified for the rest."



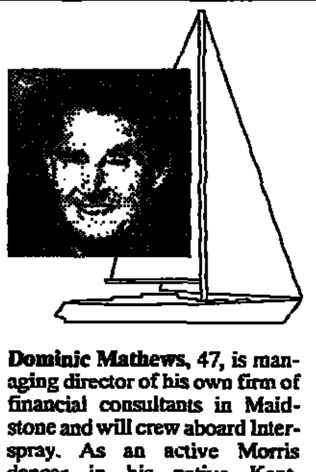
David Arthur, 46, director of a financial brokerage, is the man who nearly missed the boat - in his case British Steel II. After an evening's hospitality in June with rival yacht Rhone-Poulenc, Arthur broke his leg and ankle and was told he might not make the start. Iron determination and Stoke Mandeville Hospital have put him back in the race.



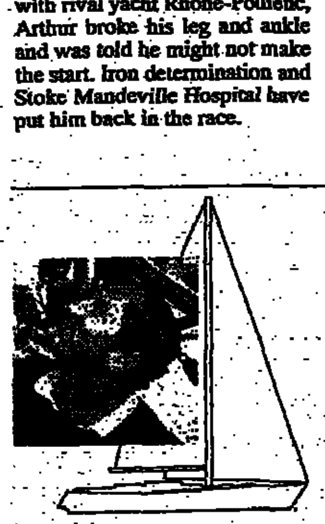
Ken Pearson, 41, is a dairy farmer from Dyfed in Wales crewing aboard Heath Insured. He volunteered for the Challenge when new milk quotas and the general decline in agricultural prices began to threaten his livelihood. Pearson will be in charge of the environmental programme spotting whales and dolphins.



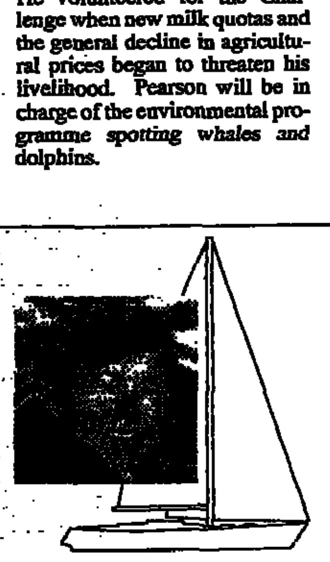
Nick Jubert, 40, is a director of his family's clothing manufacturing business in Surrey and will crew aboard Group 4. A remarkable coincidence binds him to the boat. Despite crews being allocated to individual yachts by secret ballot, Jubert's company has been making the uniforms for Group 4 security personnel for over a decade.



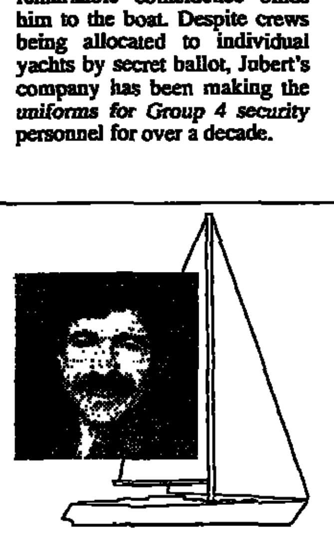
Dominic Mathews, 47, is managing director of his own firm of financial consultants in Maidstone and will crew aboard Interspray. As an active Morris dancer in his native Kent, Mathews hopes to dance around Cape Horn complete with bells and handkerchief.



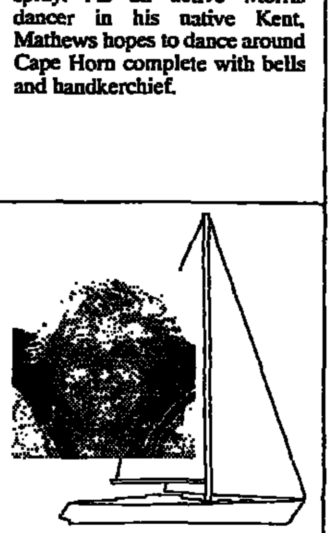
Jack Gordon-Smith runs a market garden business growing lettuce and celery under glass. He describes himself as chairman of two small companies, trapped by relative success and the educational requirements of four small children. A classic case of absurd hours and all work and no play says Gordon-Smith, who describes the Challenge as "the perfect escape".



Vivien Cherry, 32, is a skipper of the yacht Coopers & Lybrand. However, she is not an accountant but a building services engineer. Vivien's most recent job with property giant MEPC put her in charge of all services and maintenance within the largest new building in the City of London. She has already competed in two Fastnet Races sailing her father's Sigma 33 cruiser/racer.



Julian Wells, 41, is a vet with his own practice near Shrewsbury. He will crew aboard Interspray. Wells moved his family to inland Shropshire in 1980 to enjoy the excellent hill-walking and promptly took up sailing. Wells is also ship's doctor. "They think I'm this gentle, kind James Herriott figure but they've never seen me give an enema," Wells joked menacingly.



Yvonne Flatman, 30, is a Trading Standards Officer working in London who will crew aboard British Steel II. She moved from the sailor's paradise of Poole Harbour to a much better-paid job in the capital solely on the incentive of having to pay £15,000 for the Challenge - thus demonstrating that being a "boat-bum" can enhance one's career.

Sponsors who have a taste for challenge

SAILING is one of the areas of sport where sponsorship has grown extraordinarily fast in the past decade. A traditional image of blue blazers and white ensigns has moved over to accommodate the commercial interests that pay for this exhilarating but expensive sport at the highest levels.

In promotional terms yachts are marvellously effective billboards. A glance across the British Steel Challenge fleet reveals a range of startling individual paint jobs, each reflecting a corporate yacht sponsor. The backers range from Hofbrau lager, through Nuclear Electric to the Heath insurance brokerage group.

ISL Marketing, the consultancy which handles the sponsorship of the Olympics, recently gave a presentation on the corporate appeal of sailing. "International yachting is also an image builder. It combines grace, style and designer elegance with one of the toughest and most exciting challenges in sport," said ISL vice-president Keith Cooper. "The yachts involved in such races become personalities, the "stars" of the show.

Nevertheless, the recession is as real and tough in sponsorship as in every other area of business. British yachtsmen have struggled hard to find backing from America's Cup and Whitbread Race entries. Chay Blyth's achievement in finding ten major companies willing to pay £225,000 each to back a new and untried race is enormous.

Only one, International Paint, is a company directly active in the marine market. International has painted all 10 yachts and, indeed, was responsible for the paintwork on the original British Steel 21 years ago. Yet its interest goes much wider than that.

"International is in the business of winning on behalf of its customers. As a leader it can serve them faster, better and more distinctively than its competitors and our high level of involvement in this market will be broadcast to an even wider audience by our support of the superb yacht and its courageous crew," said chief executive Sipko Huismans.

"The people I see winning in business, sport or any endeavour are the ones who are truly motivated and prepared for much sacrifice," he added.

For companies such as Nuclear Electric, another yacht sponsor, the undoubtedly clean and green image of sailing is right where the management wish to move the company's own perceived position. Like British Steel itself, Nuclear Electric will send some of its own staff aboard on each leg of the race.

The fleet of yachts has now been afloat and available to sponsors as well as for crew training for nearly six months. Some have done literally dozens of corporate hospitality days - with startling impact.

"We keep an informal running total of thank-you letters after hospitality events. It's an imperfect measure but it gives you some guideline of the impact," said Heath Group chief executive John Mackenzie-Green. "Normally after Henley or Lords, say, it runs at about 30 per cent. But over 90 per cent of the people we have taken out on the yacht have written to say how much they enjoyed it."

According to Mackenzie-Green the external awareness factor concerning Heath Group is much higher even before the race starts. With an office about to open in Rio, a big Australian operation and a lot of business beginning to flow through a Cape Town operation, the route is good news for a genuinely international insurance brokerage.

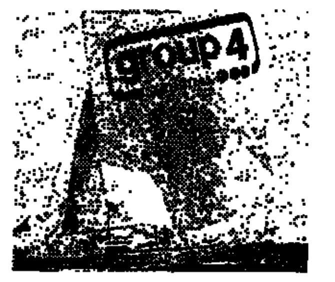
"The Challenge has already been an enormous success for us," he added. "When we started half the board thought I was barmy and the other half thought I was spending their pay rise. But everyone is now completely on-side".

Nine of the 67ft, 32-tonne yachts are sponsored by commercial organisations. "Pride of Teesside" is the only competitor carrying the hopes and aspirations of an entire region of the UK. She is being sponsored by the Teesside Development Corporation and it is probably the first time a yacht race has been a key part of the strategy to regenerate an entire region.

One of TDC's major schemes is the creation of a £165 million marina in the heart of the old coal-exporting and shipbuilding port of Hartlepool. The aim is to turn it into a centre for national and international sailing events and competing in the British Steel race is part of that campaign. The recent Round Britain race was sponsored by the TDC.

"Ocean racing may not naturally be associated with this part of the country but they have certainly taken to us and the idea of the race. People up there appreciate triers and don't have much time for posers," laughed Ian MacGillivray, skipper of Pride of Teesside.

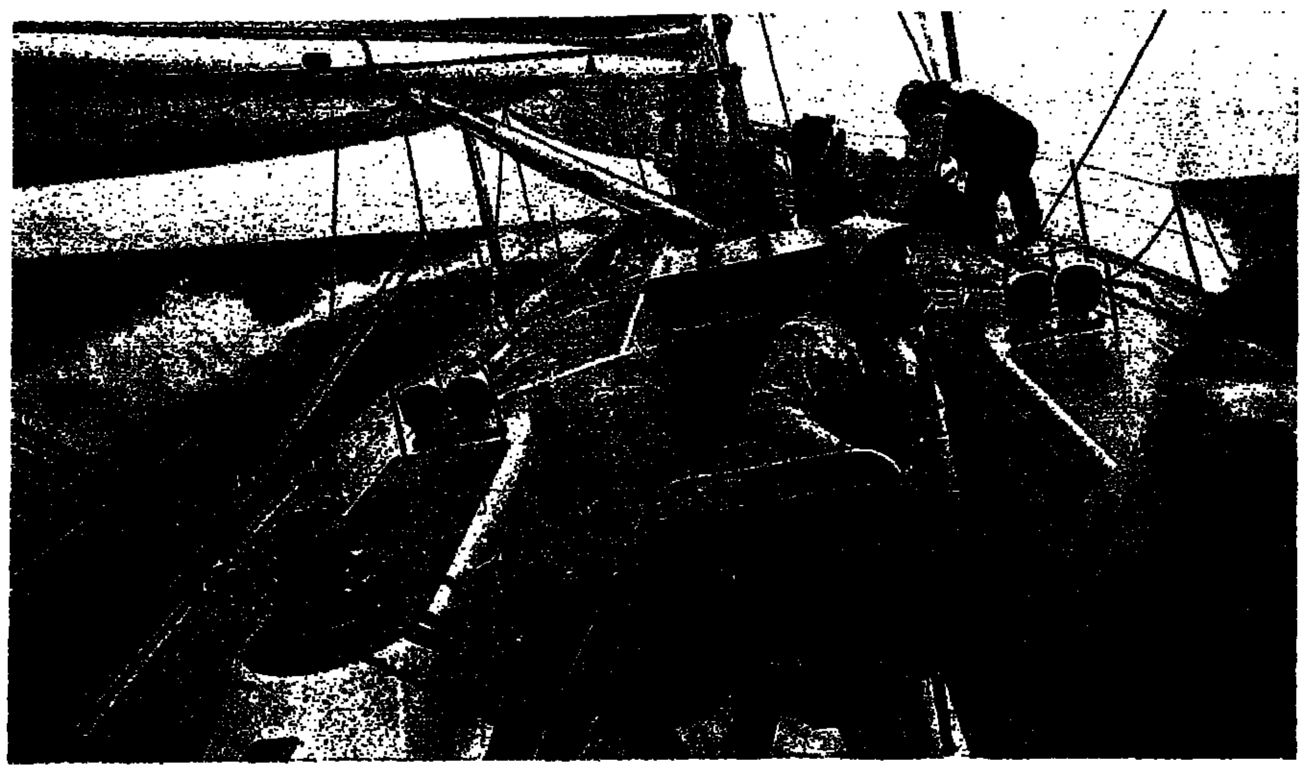
Executives at the business end of the development agency are beginning to see results. "By the time this year is over Hartlepool Marina will have made its mark on the national and international sailing fraternity and that, in turn, will have a significant impact on the wider regeneration of the town itself, " commented TDC chief executive Duncan Hall.



Of course, sponsorship of the Challenge goes far beyond the yachts themselves. Literally scores of companies have become official suppliers or joined the supporters club. They range from winch manufacturers to airlines. One supporter, the credit information company Infolink, is awarding a trophy to the winner of each race leg.

All have one thing in common, a desire to contribute to and share in the magic of the most exciting amateur yacht race ever. The British Steel Challenge, unlike most sailing events which tend to be dominated by technology, is about people.

Produced by Dewe Rogerson Limited.
Written and edited by Keith Wheatley. Illustrations: The Calendar Company.
Cut away illustration: Eric North. Picture Library: Pickthall.
Photographers: Mark Pepper, Paul Carter, Paul Kay and Skip Novak.
For more details contact the British Steel Challenge information line on 071-735 1992



All hands on deck

Life on the ocean wave

JUST at this moment the crews of the Challenge yachts are probably feeling about as good as they are going to in the next eight months. The adrenalin is *high for tomorrow's start and* they are still warm and dry. Once out of the Solent, free of the armada of press boats and wellwishers, the reality of life on a racing yacht will assert itself.

Anyone who is going on the *race to escape "routine" is in for* a rude shock. The watch system of four hours on deck, steering and sail trimming is followed by four hours off, thinking about these two activities. It is a brutal regime, tougher on the human system than anything most armies have devised.

Once the 10 yachts slip out of the Western Approaches and into the Atlantic the weather will probably turn from gentle English early autumn into sharp, nasty equinoctial gales. The decks of the 67ft yachts will be swept by spray. One briefing for crews described it thus:

"Imagine standing outdoors for four hours in a thunderstorm. Rain is sheeting down. Every 30 seconds someone throws a bucket of water over you. Even in oilskins and wellies you are going to get very wet indeed."

"At the end of four hours you will be allowed to rest in the coldest room in a small, cramped building nearby, and then back outside for another four hours of wetness. Oh, and it will be dark *for much of the time.*"

The extraordinary thing about the British Steel Challenge is that when Chay Blyth announced the race three years ago he was flooded with applications from people wanting to take part *and pay £14,850 for the privilege.*

"I could have filled three times as many yachts and still have a waiting list of high quality applicants" said Blyth.

Life off-watch is, however, *going to be a good deal more* comfortable than on most racing yachts. Individual cabins for two and three people mean that the stresses of communal living are reduced. Although it helps to be dog-tired when the mattress of one's *cellmate's* bunk is only six inches overhead.

Yarning, that old sailor's pastime, around the big saloon table will inevitably fill many, many hours. Nuclear Electric has even nominated a ship's entertainment officer responsible, for amongst other things, teaching juggling to the crew. Paperback books will become like gold-dust after 10 days at sea.

At the start of the last Whitbread race - and in that competition getting weight out of the boats is essential - one skipper outraged his crew as they *reported for the start by telling* them that they were allowed a change of shore clothes OR a book, not both.

Life is more civilised in the British Steel Challenge (British Steel II, for example, is taking *100 CDs courtesy of Radio 2),* but crew members still have to fit all their belongings into two plastic boxes two foot square.

To accustom his trainee crews to what to expect once around Cape Horn, ex-Marine Pete Goss *who now skippers Hofbrau* Lager and was originally Challenge training officer has been showing them video footage shot in the Southern Ocean. A wall of water rushes towards the cameraman, flooding down the deck of the yacht before he runs for his life down into the shelter of the companionway.

"We're all a bit worried about Cape Horn," Goss told an attentive audience. "We've all heard the war stories. We're going to be right on the edge. We're going to turn right at the edge of South America and be right into it.

"The storms will be coming through one after the other. Whack, whack, whack, the waves, big rollers, will be coming in from all sides. There's nothing else down there. No vapour trails. Nothing."

In the long weeks between the Horn and Hobart skippers will need to be aware that morale aboard the boat is probably the single most important factor in deciding who gets to Tasmania first.

Good seamanship calls for sensitive handling of the yacht and her gear, keen and detailed observation of the weather and constant surveillance of the rig and sails. It sounds like the holiday your couldn't give away. *But most of the crew have other* preoccupations.

"Mentally, the thing I fear the most is when we arrive back having worked together as a very, very close team for eight months," said telecommunications *executive Andy Hindley* from Hofbrau Lager.

"I mean I can't really imagine having finished the race on a Friday afternoon and then going back to work by Tube on a Monday - it's just going to be mental torture." It seems a good bet that a great many of those yarning sessions around the saloon table will be devoted to ways of escape - post Challenge.

Staying alive - and well fed

ANYONE who has ever experienced a lengthy voyage in a small boat will testify that staying warm and getting enough to eat are absolutely vital. An enormous amount of planning within the British Steel Challenge has gone into getting those two factors right.

Satisfying and nutritious victuals have always been seafarers biggest challenge - remember Captain Cook, scurvy and those lemons?

The major supplies will be dehydrated meals and ingredients supplied by Rank Hovis McDougall.

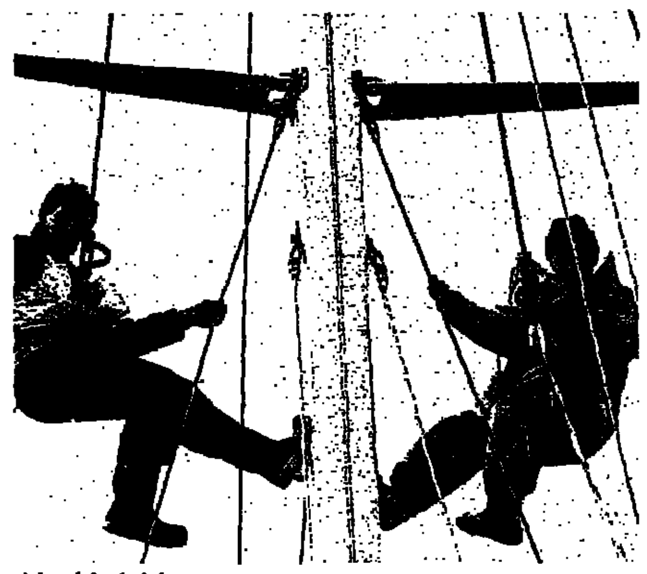
The 100,000 meals will include Chunky Chicken, curries, spaghetti bolognaise, bread and sponge mixes, soups and pasta. The ingredients are excellent, if having an inherent *tendency towards* blandness, however, and conditions of usage at sea are always a problem.

Michael Martin, designated provisions officer aboard British Steel II, explains 24 hours of catering during the recent Ushant/Fastnet training race:

"The second evening meal was dehydrated spaghetti bolognaise, which was going well until we had to undertake a complicated sail change just as the spaghetti was ready. Oh the joys of preparing food for a racing boat," describes Martin. "Congealed pasta in any form takes some getting down. There are probably some fish near the Fastnet rock still working on it.

"Our third evening meal consisted of part-cooked microwaved sausages, together with mashed *potatoes,* tinned tomatoes and a thick gravy with braised onions. At this stage we were still heeling over at 35 degrees and being buffeted by heavy seas.

"I cannot recall *just how* often I narrowly saved the lot from landing on the floor and everyone had to eat out of bowls and standing up. Anything on the table would almost certainly have ended up on the lap of the crew member opposite."



A head for heights

Taking on fuel

Diet inevitably becomes a matter of routine except for the vital "treats" that each yacht's cooks hide away. This is a time-honoured tradition in naval and merchant fleets, the professionals knowing how important a sailor's stomach is to his morale.

The importance of these little goodies is immense. Captain Bligh might have kept the mutinous situation on the Bounty under control, if he had not become so uncontrollably and publicly angry over the pilfering from his private supply of coconuts. Mints, chocolate *biscuits* and jelly babies have all featured aboard the fleet, but doubtless the list will expand as the yachts go "foreign".

Foul weather clothing has been *supplied* to each crew member by the long-established firm of Musto. Their standard Ocean suit has been specially customised to suit the needs of the British Steel Challenge. Much of the additional safety equipment is to guard against that most feared of all dangers, man overboard. Each crew member will carry a personal EPIRB (electronic position indicating radio beacon) *for man overboard location.* It is smaller than a cigarette packet, stowed in a specially created breast pocket, and *waterproof* and buoyant.

The aerial is channelled around the back of the jacket hood as the signal is more effective with the aerial out of the water.

The beacon transmits for up to six hours - small comfort when survival time when immersed in the Southern Ocean is probably around 10 minutes. A direction finder on the chart table indicates the position of the casualty in the water.

Every yacht will carry at least one specially designed Musto survival suit ready to be worn by a designated person in each watch in case a rescuer has to voluntarily go into the water in a man-overboard crisis.

Unlike most safety clothing the new survival suit is easy and comfortable to wear when working on board. Every crew member will also wear special thermal underwear, capable of retaining warmth even when wet.

After a lengthy man-overboard exercise in which the Challenge founder took part, Chay Blyth said: "We finished up with hot cocoa with a good tot of rum and wished the yacht God's speed and fair winds. Where she's going, down to the Antarctic with its hurricanes, fogs and icebergs, frankly it seemed appropriate."

28,000 miles the wrong way

SAILORS love bad weather. When one speaks to veterans of other ocean races they talk of spray blown off mountainous waves south of Latitude 55°, where icebergs are more common than seagulls, not balmy evenings running down the *African coast* - although both may be part of the route.

Those aboard the 10 British Steel Challenge yachts are likely to have a relatively gentle *introduction to circumnavigation.* After the Solent start the route from Ushant, off north west France, down to Rio de Janeiro doesn't present too many tactical dilemmas.

The biggest problem is likely to be the Doldrums, the fabled band of light or non-existent wind, close to the Equator.

"These yachts have been designed to be safe and almost comfortable in big seas and gales in the Southern Ocean but they are going to be very difficult to keep moving quickly in the light *stuff,*" commented one knowledgeable observer.

The fun really starts off Cape Horn in Leg Two of the 28,000-mile epic race. Here the Atlantic and Southern Oceans meet and *gales blow five days out of six.* Waves can run every which way and a calm period is almost certainly a precursor of something worse soon to come.

The Horn earned its reputation as the graveyard of ships during the days of the great 19th century merchantmen.

Although fast and seaworthy, those great ships were not terribly manoeuvrable - or handy, to use a sailor's term - they were often caught out by the Horn's sudden changes of mood.

With the prevailing winds after the Cape being about *30/40* knots of westerly, the fleet beats towards Hobart. To prevent them succumbing to the temptation of heading south into the pack ice that breaks off the Antarctic *shelf, a way-point* has been established at 50 degrees south and the yachts must stay to the north of it.

The fleet will almost certainly converge again at the turning point around the southern tip of New Zealand and from there it will be a madly competitive dash to Tasmania.

Hobart knows how to welcome yachtsmen. The culmination of the annual Sydney/Hobart race is the QLD "quite *little drink" on the quays of the* Tasmanian capital. This impromptu Aussie festival has been known to last for days, or until the beer runs out.

The leg of the race from Hobart to Cape Town may very well be where the Challenge is decided. It involves nearly 7,000 miles at sea with not a landfall until Table Mountain rises up to the west.

Cape Town used to be a stop-over port in the other global races but political isolation ended that. The arrival of the BS fleet will herald South Africa's return to the international yacht racing fold and will be a joyously *celebrated occasion.*

Out of Cape Town the yachts should have fair winds and pleasant weather up the coast of Africa, at least as far as Spain. From there it is likely to be a dog-fight between the lead boats as they battle across Biscay and up into the English Channel next May.

How to stay in touch

THE British Steel Challenge race results are being supplied by British Telecom. Thanks to the latest technology, participants and their families will not only be able to talk to each other on a regular basis, but track their yachts' positions as the race progresses.

Using the worldwide Inmarsat and Global Positioning System (GPS) *satellite* networks, *the BT* Results System will deliver:

* Global coverage
* Race HQ control
* Updates on demand
* Fleet or individual positions
* Worldwide results distribution via the BT Fax Database and Challenge Race HQ database.

Each yacht will be equipped with an IBM laptop computer on which the skippers will keep their daily logs.

Their reports will be transmitted to Challenge Race Headquarters via Inmarsat-C satellite once a day.

Signals from each yacht are transmitted directly to an Inmarsat satellite and then down to BT's earth station at Goonhilly in Cornwall, from where it is forwarded to its destination.

Challenge Race Headquarters at Petersfield, Hampshire will verify the information received and update the BT Results System. BT's Fax Information Retrieval System (FIRS) will enable the public to receive race updates using a fax machine from anywhere in the UK or abroad, with calls charged at standard national rates. Tables will show *yacht latitude* and longitude, their course between the last two known positions, speed between the last two known positions, distance to finish, average velocity towards the leg finish, estimated time of arrival and actual time of arrival. The number to call via a fax machine is 0473 612888 (+44 473 612888 from abroad).

At any time of the day or night the public can keep up to date with what's happening to the crew and their yachts by telephoning 0891 121666 for a recorded message.

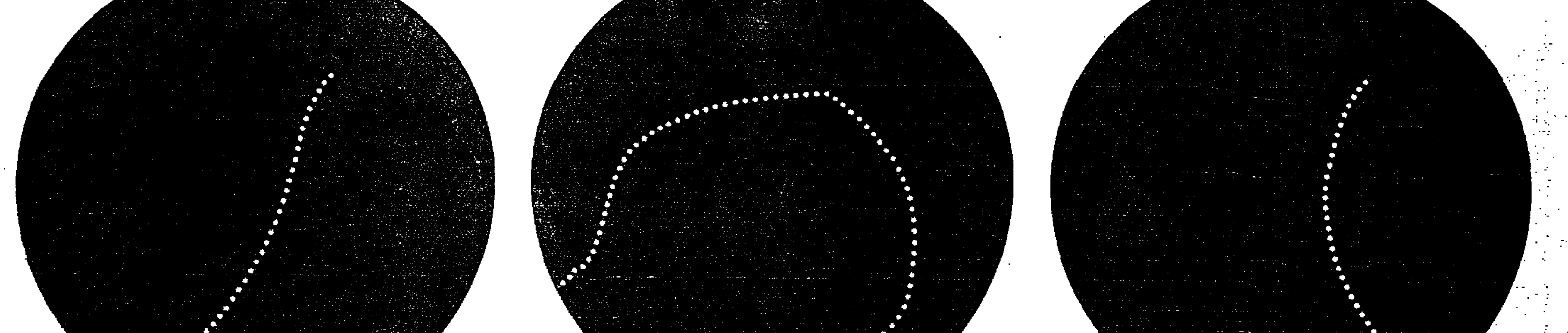
Every Friday throughout the race, Ed Stewart will carry a report on his nationwide Radio 2 programme. Listeners should tune in to FM 88-90.2 MHz from 4 pm.

For those with an IBM compatible 386 PC, a software package is available from BT (cost £45 + VAT) to enable race watchers to download and manipulate race data themselves for the price of an ordinary phone call.

FAX RETRIEVAL DATABASE:
(from UK) 0473 612888 (from abroad) +44 473 612888

RECORDED TELEPHONE MESSAGE
(from UK only) 0891 121666

To book a telephone call to a yacht,
telephone (from UK) 0800 378389
(From abroad contact national call authority)



HM Customs & Excise

Qualified Accountant

Southend

up to £28,904

Customs and Excise wishes to appoint a Finance and Accounting Principal for its Southend headquarters.

In this key post, the successful candidate will support the Deputy Accountant and Comptroller General in both his operational role, and in his function as Head of Accountancy Profession in the Department.

The main elements of the work will include: the strategic development and support of the Accountancy Profession; the management and support of trainee accountants; the review and development of financial and management accounts, ensuring that the design, specification and operation of all systems are based on the most appropriate methodology; the management of accountancy related projects and consultancy; and the management of the departments banking and accounting.

In addition to a professional accounting qualification (ICA, ACCA, CIMA or CIPFA) candidates will have knowledge of current management and accounting systems. Experience of commercial accounting would be an advantage. Applicants will also be expected to demonstrate good technical skills, with the ability to make balanced judgements which show sensitivity and understanding of the major implications of proposed changes. Man management and inter-personal skills will be essential; IT awareness would be useful.

Salary is in the range of £24,785 to £28,904 with the opportunity to earn performance pay.

For further details and an application form (to be returned by 21.10.92) please write to Recruitment and Assessment Services, Room 219, Alencon Link, Basingstoke, Hampshire RG21 1JB or telephone Basingstoke (0256) 468551. Please quote ref: B/1710.

Customs and Excise is an Equal Opportunities Employer. Applications are welcome from all sections of the community regardless of sex, religion, ethnic background or disability.

HM Customs & Excise

FINANCE DIRECTOR

c£42k + Car + Benefits South Coast

This is a key role for an experienced finance professional to make a major contribution to one of Europe's largest and most successful organisations.

A broad brief and one where you will be providing a financial and company secretarial service to the Managing Director for the UK based telecommunications business. In addition, you will be responsible to the Group Finance Director for providing professional management of the UK Holding Company finance function. UK Group turnover is £80m and in this latter role you will be liaising with banks, property and insurance companies and the various regulatory bodies.

Professionally qualified, with extensive experience of managing a diverse, multi national finance function, it is unlikely that candidates under 40 years will have the depth of experience sought. Fluency in French or German would be a distinct advantage.

The salary and benefits package reflects the importance of this senior role.

If you can demonstrate a successful track record to date, please forward your CV to: Sarah Hornby, Lawton Ware Recruitment Services, Shamrock Quay, William Street, Southampton, Hants SO1 1QL. Tel: 0703 639133.

All applications are forwarded to our client. Please state any organisations to whom your application should not be sent.

Lawton Ware
RECRUITMENT ADVERTISING

FINANCE MANAGER

Home Counties to £30,000 + Car

With a world class reputation as a major manufacturer of hi-tech products, our client is part of a leading defence industry group. It is emerging from a programme of strategic change and diversification and is now ideally poised for substantial growth.

This key appointment involves the management of a Project Accounting team of 12 people. The development of improved management information systems and maintaining strong financial control on projects will be key to success in this demanding role.

Candidates should be qualified accountants (under 35) with a manufacturing background and who possess strong cost accounting and staff supervisory skills. Knowledge of MOD contracts is useful but not essential.

With an expected order intake of over £300M this year, plus ambitious capital investment plans, prospects are outstanding for the successful candidate. Benefits include a full relocation package.

In the first instance please write with full cv or telephone John Silk.

Deboo Executive
102 OLD STREET, LONDON EC1V 9AY
TELEPHONE: 071-253 1216 (24 HRS) FAX: 071-253 2750

DIRECTORS

Europe's leading outplacement and career management consultancy. InterExec has over 15 years' experience of managing career change for senior executives and many of Britain's largest companies.

By accessing over 6,000 unadvertised vacancies a year, mostly at £40-150,000 p.a. InterExec provides clients with vital market intelligence AND subsidiary, InterMex, makes recommendations from its candidate bank without charge.

For further information call Keith Mitchell on 071-930 5041

INTEREXEC PLC
Landseer House, 19 Charing Cross Road, London WC2H 0ES

ACCESS THE UK'S LARGEST SINGLE SOURCE OF UNADVERTISED VACANCIES

Middle East

MANAGER & SENIOR ACCOUNTANTS GENERAL DIRECTORATE FOR PETROLEUM ACCOUNTING

Negotiable Tax Free Salaries and Substantial Benefits

A newly established Directorate for Petroleum Accounting in the Middle East is seeking to appoint an experienced MANAGER who will control the day to day operations of the Directorate and report to the Government on all financial matters covered by Production Sharing Agreements made with Companies holding concessions for the exploration, development and production of crude oil. Responsibilities will include not only the review and monitoring of financial information prepared and submitted by the oil companies under the terms of their Agreements but also the successful implementation and future development of related systems and procedures.

Applicants must be professionally qualified accountants with at least 10 years experience either in an executive position in the oil industry or as an audit manager in a major accounting firm with oil industry clients.

There is also a requirement for SENIOR ACCOUNTANTS to head up Departments of the Directorate, who will report to and work with the Manager in developing the work of the Directorate, in establishing and implementing procedures and liaising with government officials and representatives of the contracting oil companies. They will be particularly responsible for the development and on-the-job training of local counterparts.

Candidates must possess a professional qualification with recent experience either in the oil industry or with a major accounting firm having oil industry clients.

All positions carry tax free remuneration packages including substantial fringe benefits.

Candidates with an adaptive and resourceful style and also with experience of organisational developments and personnel training should apply in confidence with a detailed CV to:

W. Martin Dyas,
S&N Corporate Services Ltd.,
International Recruitment Consultants,
135 Notting Hill Gate, London W11 3LB.
Tel: 071-243 0504. Fax: 071-229 2150

S & N
CORPORATE SERVICES

HM Customs & Excise

Qualified Accountant

Reading

up to £24,535

Customs & Excise wishes to appoint an Accountant for it's Thames Valley Region based at Reading.

75% of the areas work is connected with VAT. In this new, key post, which the successful applicant will be expected to develop with enthusiasm, the primary function will be to advise on the effective control of large businesses.

The main elements of the work will include: accountancy advice and support; resource management; training, audit assurance; and communications.

In addition to a professional accountancy qualification (ICA, ACCA, CIMA, or CIPFA) VAT experience or experience of commercial accounting would be a considerable advantage. Man-management and inter-personal skills will be essential.

The appointment is for a two year contract.

Salary is in the range of £21,715 to £24,535 with the opportunity to earn performance pay

For further details and an application form (to be returned by 21.10.92) please write to Recruitment and Assessment Services, Room 219, Alencon Link, Basingstoke, Hampshire, RG21 1JB or telephone Basingstoke (0256) 468551. Please quote ref: B/1710.

Customs and Excise is an Equal Opportunities Employer. Applications are welcome from all sections of the community regardless of sex, religion, ethnic background or disability.

HM Customs & Excise

NEWLY-QUALIFIED ACCOUNTANTS

Newly Qualified Portfolio

Financial Accountant
East London – To £28,000 + Car

Medium sized light engineering company seeks NQ ACA to undertake a very broad range of tasks including management and statutory reporting. You will be expected to offer financial expertise to subsidiary companies and to tackle work of an ad hoc nature. Please contact David Brownlow quoting reference FT-9BA.

Operational Audit
Central London – To £29,000

Bluechip company requires graduate newly qualified ACA to join established and respected operational audit team. Prospects to line management are excellent. Strong audit and spreadsheet skills are essential. 30/40% UK/International travel. Please contact Peter Green quoting reference FT-9BB.

Corporate Finance
City – £27,000 + Benefits

Bright NQ ACA is required for executive role in M&A. A strong academic background and top firm training are essential, as is investigative experience and proven knowledge/interest in this field. Please contact Pippa Curtis quoting reference FT-9BC.

Group Accountant
Central London – £25,000

An international services group needs a newly qualified to join the finance team. The role is varied and is a mixture of financial and management accounts coupled with one-off projects. Strong systems experience is necessary. Please contact Deborah Sherry quoting reference FT-9BD.

Management Accountant – Equities
City – £28,000

A highly regarded UK Stockbroker is seeking a bright, newly qualified ACA to take responsibility for monthly management accounting, daily P&L and profitability analysis for its UK and International trading activities. The role will include a high degree of liaison with traders, and will require an enthusiastic, motivated and committed individual. Please contact Joe Thomas quoting reference FT-9BE.

Please send your CV to Douglas Llambias Associates, 410 Strand, London WC2R ONS or fax to 071 379 4820.

EDINBURGH 031-225 7744
GLASGOW 041-226 3101
DOUGLAS LLAMBIAS
LONDON 071-836 9501

RECRUITMENT CONSULTANTS

Finance Manager

CIRCA £35,000 • THE COLLEGE OF NORTH WEST LONDON

The creation of the college through the merging of two further education establishments in inner London has created one of the largest colleges in the UK serving over 18,000 students on sites across North West London. In April 1993, it will achieve corporate status and therefore, take full responsibility for its own business affairs, which includes a budget of £18 million. Clearly the implementation of high quality financial accounting will be vital for its future success.

The position will have responsibility for a finance team and will report to the Deputy Principal of Resources. Key responsibility will be for the day to day management of all the college's financial systems and procedures and for the introduction, sustaining and development of meaningful and efficient processes. Candidates therefore must be qualified Accountants, with at least five years relevant accounting experience, possibly looking for a first step into managing a department. A background in the public or private sector in preparing budgets coupled with a knowledge of computerised systems are also essential requirements. The college is at a particularly exciting stage of its development, which will allow the successful applicant to grow and broaden his/her experience in a fast moving environment.

Interested applicants should send a detailed CV or ring for an application form on 0625 533364 (24 hours) quoting reference 1965/FT.

The College is actively committed to equal opportunities.

WICKLAND WESTCOTT **HUMAN RESOURCE CONSULTANTS**
Emerson Court, Alderley Road, Wilmslow, Cheshire SK9 1NX
Telephone (0625) 532446

FEES AND BILLINGS MANAGER

GUILDFORD

Clyde & Co. is a large international law firm with almost 600 staff in offices in London, Guildford, the Far East, the Middle East and Latin America.

An excellent opportunity has arisen for someone to fill a new position in our financial team based in an attractive modern office in central Guildford. The role involves managing and developing the firm's systems for billing clients and collecting payments and supervising a team of costs draftsmen and clerks. He or she will report to the firm's Chief Accountant and liaise closely with partners and other caseh andlers.

This position will require good accounting experience, including a full understanding of Lotus 1-2-3 software, together with determination, persuasiveness and the ability to lead and motivate a team. Previous experience of legal costing is not essential. In return we offer a competitive salary and benefits, and excellent working conditions in which to fulfil this challenging role.

For further information, in complete confidence, please write to Lisa Wilson, Recruitment Manager, Beaufort House, Chertsey Street, Guildford, Surrey GU1 4HA.

CLYDE & CO

THE EUROPEAN PARLIAMENT, THE COMMISSION OF THE EUROPEAN COMMUNITIES AND THE COURT OF AUDITORS
are organizing an open competition, based on tests, to constitute a reserve of

ADMINISTRATIVE ASSISTANTS

(career braket B5/4) (m/f) in the following fields:
• Accounting • Audit • Public finance

Duties will involve the use of computers.
Candidates must:
- be nationals of one of the Member States of the Community;
- have a thorough knowledge of one official Community language and a satisfactory knowledge of a second;
- have been born after 9 October 1956;
- have completed a course of advanced secondary education and obtained a final certificate or diploma;
- have at least two years' relevant experience.

Place of employment: Brussels, Luxembourg, Strasbourg or any other place of Parliament, Commission or Court activity.

All three institutions are equal opportunities employers; applications from women are therefore particularly welcome.

The notice of competition and the official application form contained in Official Journal of the European Communities No C.219 A of 26 August 1992 may be obtained by writing (postcard ONLY) to one of the following addresses:

LE PARLEMENT EUROPEEN
Service du Recrutement
Concours général EUR/B/26 - L-2929 LUXEMBOURG

THE EUROPEAN PARLIAMENT
2 Queen Anne's Gate
LONDON SWIH 9 AA

COMMISSION DES COMMUNAUTES EUROPEENNES
Unite Recrutement
Rue de la Loi 200 - 1049 BRUSSELS

Offices:
COMMISSION OF THE EUROPEAN COMMUNITIES
In the United Kingdom
8 Storey's Gate
LONDON SWIP 3AT

In Northern Ireland:
Windsor House
9/15 Bedford Street
BELFAST BT2 7EG

In Wales:
4 Cathedral Road
CARDIFF CF 1 9SG

In Scotland: 9 Alva Street
EDINBURGH EH2 4PH

LA COUR DES COMPTES
DES COMMUNAUTES EUROPEENNES
Service du Recrutement
Rue Alcide de Gasperi 12
L-1615 LUXEMBOURG

Please quote reference EUR/B/26. Closing date for the submission of applications: 31.10.1992.

FINANCIAL ACCOUNTING MANAGER

EXCELLENT SALARY AND BENEFITS PACKAGE
SOUTH-EAST LONDON

We are a dynamic international organisation with an unrivalled reputation for selling exclusively designed collectible products by direct response marketing.

In this role, based in our European Headquarters, you will be responsible for control of financial accounting for approximately US$60 million of revenue in our U.K. and Scandinavian operations, in addition to accounting for our European Warehouse in Rotterdam, ad hoc support of other markets, statutory accounts, VAT reporting and statistical analysis.

A qualified Chartered Acountant you will have at least 2 years' experience since qualification, including management experience; PC skills, in particular with spreadsheets; and success in leading a team of part-qualified and clerical staff in a fast moving business environment.

Travel to Europe will be required and therefore language skills would be an advantage.

To apply please send your c.v. including salary history to:

Human Resources Department,
Franklin Mint Limited,
138 Bromley Road, Catford, London, SE6 2XG
Closing date for applications is 7th October 1992.

We are an Equal Opportunity Employer.

The Institute of Chartered Accountants in England and Wales

Results of Professional Examination 2 held in July 1992

List of Successful Candidates

A

Abdullah S. (Leigh Carr), London
Abdul-Wahid M.R.S. (Touche Ross & Co.), London
Abraham M.H. (Hays Allan), London
Abrichami M.H. (Pridie Brewster), London
Acklam A.H. (Spicer & Oppenheim), Birmingham
Ackroyd D.A. (KPMG Peat Marwick), London
Acton J. (Baker Tilly), Bradford
Adae-Amoakoh M.A.A. (Price Waterhouse), London
Adam J.A. (Arthur Andersen), London
Adams J.K. (KPMG Peat Marwick), London
Adamson A.R. (BDO Binder Hamlyn), London
Addis C.P. (KPMG Peat Marwick), Southampton
Aggarwal A. (Arthur Andersen), London
Aggus M. (KPMG Peat Marwick), Leicester
Ah-Kang J.F.G. (Somers Baker), London
Ahmed A. (BDO Binder Hamlyn), London
Ahmed M. (Ernst & Young), London
Ajala A. (KPMG Peat Marwick), Manchester
Aksakal A. (Price Waterhouse), London
Alam R. (Grant Thornton), London
Albright M.S. (Arthur Andersen), London
Alder J. (Coopers & Lybrand), Northampton
Alexander A. (KPMG Peat Marwick), Southampton
Ali H.A.F.M. (KPMG Peat Marwick), Birmingham
Alington A. (Buzzacott & Co), London
Allam J. (BDO Binder Hamlyn), Birmingham
Alleyne K.P. (Price Waterhouse), London
Allsop M. (Coopers & Lybrand), London
Almond B.J. (Ernst & Young), London
Almond E.L. (Ernst & Young), Luton
Alsem A. (Arthur Andersen), Reading
Alston J.M.R. (Price Waterhouse), London
Altman S.E. (Stoy Hayward), London
Ambrose K.C. (Touche Ross & Co.), Leicester
Ames R.S.N. (Coopers & Lybrand), London
Amin R. (Hare Wilson & Co), Uxbridge
Anastasiou T. (KPMG Peat Marwick), London
Anderson A.M. (KPMG Peat Marwick), Reading
Anderson H.M. (Arthur Andersen), Manchester
Anderson K.H. (Coopers & Lybrand), Reading
Andrew M.H. (Ernst & Young), Sheffield
Andrews J.A. (H.W. Fisher & Company), London
Angell C.J. (Wheawill & Sudworth), Huddersfield
Anspach J.A. (Touche Ross & Co.), Leeds
Anthonisz M. (Blick Rothenberg), London
Anthony J.S.F. (Price Waterhouse), London
Antoniadou E. (Hawsons), Sheffield
Aplin D.C. (Coopers & Lybrand), Reading
Appios G. (Freeda Milston Cedar Baker), London
Appleby M.J.C. (Price, Bailey), Bishop's Stortford
Appleton P.R. (David Rubin & Co), London
Appuhamy I.F. (KPMG Peat Marwick), London
Archer L.C. (Harold Smith), Rhyl
Arnold A.L. (Shelley Stock Hutter), London
Arnold J.E. (Pridie Brewster), London
Arrowsmith S.D. (Coopers & Lybrand), London
Ashpole N. (Coopers & Lybrand), London
Ashworth S.C. (KPMG Peat Marwick), London
Aspin P.A. (KPMG Peat Marwick), Manchester
Astley I.P. (Stoy Hayward), London
Atherton A.J. (KPMG Peat Marwick), Leeds
Atkinson P.A. (KPMG Peat Marwick), Brighton
Attridge L.K. (Hughes Allen), Chelmsford
Audcent J.D. (Ernst & Young), Reading
Austin W.S. (Coopers & Lybrand), London
Avery J.W. (Ernst & Young), London
Aylmer R.A. (Nicholson J. & Co), Lincoln
Azoor G.A. (Ernst & Young), Leicester

B

Bagby G. (Coopers & Lybrand), London
Bagnall A.M. (E. Noel Humphreys & Co), Chester
Bagshaw C.L. (Coopers & Lybrand), Manchester
Bagshaw N. (KPMG Peat Marwick), Leeds
Bahemia M.O. (Crouch Chapman), London
Bahra K.S. (Price Waterhouse), London
Bailey I.M. (Touche Ross & Co.), Leeds
Baines L.J. (KPMG Peat Marwick), Leeds
Bajpai A. (Price Waterhouse), London
Baker E.E. (Coopers & Lybrand), Cambridge
Baker G.P. (Price Waterhouse), London
Baker J. (Coopers & Lybrand), Cardiff
Baker S.L. (Littlejohn Frazer), London
Baker S.G. (Coopers & Lybrand), Reading
Balasingham J.R. (Gilberts), St. Albans
Balding S.A. (Coopers & Lybrand), Croydon
Ball D.I. (Clark Whitehill), Cheltenham
Ball K. (Hacker Young), London
Ball L.J. (Grant Thornton), Leicester
Ball N. (KPMG Peat Marwick), Cambridge
Ball T.W. (KPMG Peat Marwick), Birmingham
Ballands S. (Ernst & Young), Jersey
Ballsdon A.J. (Cape & Dalgleish), London
Bancroft C.S.J. (Pannell Kerr Forster), Manchester
Bannerman N.A. (Stoy Hayward), London
Barber S.J. (Price Waterhouse), Manchester
Barber S.K. (Moore Stephens), Scarborough
Barbour P.N. (Coopers & Lybrand), Bristol
Barham D.J.A. (Touche Ross & Co.), London
Barker J. (Ernst & Young), London
Barker N.K. (Touche Ross & Co.), London
Barlow W.R. (Arthur Andersen), London
Barnby M.S. (Spicer & Oppenheim), Nottingham
Barnes M.J. (Goldwyns), Southend-On-Sea
Barnes N. (Towers Rockall), Northampton
Barnes P.S. (KPMG Peat Marwick), Cardiff
Barnes S.J. (Ross Houghton & Co.), Warrington
Barnes T.M.H. (Coopers & Lybrand), Newcastle Upon Tyne
Barnett E.C. (Coopers & Lybrand), London
Barnfield J.A. (Coopers & Lybrand), Maidstone
Barnsley K.J. (Ernst & Young), London
Baron E.F. (Ernst & Young), London
Barraclough M.J. (Barber, Harrison & Platt), Sheffield
Barrett G.R. (James Worley & Sons), Kingston-Upon-Thames
Barry J.R. (Ernst & Young), Southampton
Basford W. (Price Waterhouse), Birmingham
Bassett A.D. (Price Waterhouse), Bristol
Bassett P.S.L. (Coopers & Lybrand), London
Bassett T.P.F. (Dixon Wilson), London
Bastiman N. (Coopers & Lybrand), Jersey
Batchelor P.W. (KPMG Peat Marwick), Maidstone
Bates A. (Coopers & Lybrand), Birmingham
Bates M.J. (Coopers & Lybrand), Plymouth
Bathia K. (BDO Binder Hamlyn), London
Batorijs C.L.M. (KPMG Peat Marwick), Guildford
Batters M. (Barber, Harrison & Platt), Sheffield
Baughan C.F. (Coopers & Lybrand), London
Baybutt K.A. (Swinburne Pennington), Altrincham
Beacham R.A. (Coopers & Lybrand), Croydon
Beale W.K. (KPMG Peat Marwick), Reading
Beales G. (Coopers & Lybrand), Newcastle Upon Tyne
Bean D.C. (Ernst & Young), London
Bean K.J. (Reeves & Neylan), Canterbury
Beardsley K.E. (Coopers & Lybrand), Reading
Beaver S.J. (Bell Mowrby), Huddersfield
Beckett P.G. (Grant Thornton), Cardiff
Bedford S.V. (Price Waterhouse), Birmingham
Beedle G.M. (Morgan Brown & Spofforth), London
Beesley M. (Royce Peeling Green), Manchester
Belgaumkar H.B. (Touche Ross & Co.), Manchester
Bell D.W. (KPMG Peat Marwick), Derby
Bell R.T. (Coopers & Lybrand), Leeds
Bell R.A. (KPMG Peat Marwick), Bristol
Bell S.R. (KPMG Peat Marwick), Manchester
Bendall A.J. (Robt. A. Page & Co), Nottingham
Benjamin J.D. (Hacker Young), London
Benner R.M. (Touche Ross & Co.), London
Bennett B.L. (Longcrofts), London
Bennett C.M. (Price Waterhouse), Redhill
Bennett J.J.A. (Coopers & Lybrand), Cardiff
Bennett M.S. (Alexander Edward Lee & Co), London
Bennett P.M. (KPMG Peat Marwick), Birmingham
Bennett P.J. (Grant Thornton), Nottingham
Bennett R.S. (Lubbock Fine), London
Benoy W.O.R. (Hillier Hopkins), Hemel Hempstead
Bentley L.V. (Coopers & Lybrand), Manchester
Benvenuti F.G. (Arthur Andersen), London
Berkin H. (KPMG Peat Marwick), Norwich
Berridge S.J. (KPMG Peat Marwick), Leicester
Berry J.M. (Price Waterhouse), St. Albans
Berryman J.P. (Coopers & Lybrand), Jersey
Berryman L.J. (KPMG Peat Marwick), Bristol
Berryman L.M. (KPMG Peat Marwick), London
Bertram T.C.A. (Coopers & Lybrand), London
Bettison L.R. (BDO Binder Hamlyn), Newbury
Betts H.A. (Ernst & Young), Luton
Bibby M.A. (Nyman Libson Paul), London
Bicknell B.M. (Baker Tilly), London
Bidder J.P. (Touche Ross & Co.), Newcastle Upon Tyne
Biddlecombe D.J. (Price Waterhouse), Manchester
Biggs C.M. (KPMG Peat Marwick), Cambridge
Biles J.D. (Price Waterhouse), London
Bill C.I. (KPMG Peat Marwick), Birmingham
Billen S.R. (KPMG Peat Marwick), London
Billinghurst R.B. (Knox Cropper), London
Bird F.M. (KPMG Peat Marwick), London
Bird J.H. (MacIntyre Hudson), Northampton
Birkle C.W. (Coopers & Lybrand), London
Birks S.J. (BDO Binder Hamlyn), Manchester
Birne D.L. (H.W. Fisher & Company), London
Birtchnell K.J. (Arthur Andersen), London
Bishop I. (Price Waterhouse), Birmingham
Bishop J.E. (Ernst & Young), Bristol
Bishop S.J. (Touche Ross & Co.), Bristol
Bishop S.J. (Ernst & Young), London
Black A.P. (Coopers & Lybrand), Sheffield
Blacka S.V. (Casson Beckman), London
Blackford C.J. (Peters, Elworthy & Moore), Cambridge
Blackford M. (Touche Ross & Co.), Dartford
Blackmore A.D. (KPMG Peat Marwick), Northampton
Blair D.C. (Halpern and Woolf), Manchester
Blake H.C. (Price Waterhouse), Windsor
Blanchard L.A. (Kidsons Impey), London
Bland P. (Coopers & Lybrand), Sheffield
Blatcher A.L. (Coopers & Lybrand), Reading
Blayney S.R. (Price Waterhouse), London
Bloomer M.D. (Price Waterhouse), Leicester
Boddington J. (KPMG Peat Marwick), Nottingham
Bodha J.S. (Arthur Andersen), Manchester
Boileau H.R. (Arthur Andersen), London
Bolitho M.D. (KPMG Peat Marwick), London
Bolland S.M. (Coopers & Lybrand), Birmingham
Bolton J.R. (Macnair Mason), London
Bone S. (Price Waterhouse), Newcastle Upon Tyne
Bonfield A.E. (Price Waterhouse), London
Booth D.A. (Ernst & Young), Leeds
Booth M.K. (Ashdens), Luton
Booth P.N. (A. Allen & Son), Stockport
Boughton N.C. (Ernst & Young), London
Boutland R.A.W. (Thorogood & Company), Ringwood
Bovingdon S. (KPMG Peat Marwick), London
Bower C. (Robt. A. Page & Co), Nottingham
Bower M.J. (KPMG Peat Marwick), Bradford
Bowers E.D. (Arthur Andersen), Cambridge
Bowes P.N. (Price Waterhouse), London
Bowler A.M. (Ernst & Young), Manchester
Bowling S.E. (Robson Rhodes), Leeds
Boyd R.S. (Price Waterhouse), Nottingham
Boyne S.R.S. (Brooking, Knowles & Lawrence), Winchester
Boyo A.O. (Coopers & Lybrand), Croydon
Brackin T.J. (Price Waterhouse), London
Bradburn J.R.P. (Coopers & Lybrand), London
Bradbury C. (Coopers & Lybrand), London
Bradbury S.J. (Seymour Taylor), Chesham
Bradbury-Crane V.E. (Coopers & Lybrand), Swansea
Bradescu J.R. (KPMG Peat Marwick), London
Bradley A.J. (KPMG Peat Marwick), Guildford
Bradshaw P.H. (Dobkin, Northover), Winchester
Braithwaite M.W. (KPMG Peat Marwick), Brighton
Brame S.A. (Coopers & Lybrand), Uxbridge
Brazier R.I. (Hughes Allen), London
Brealey R.L. (Price Waterhouse), London
Brecht C.I.T. (Griffin Stone, Moscrop & Co.), London
Brenchley C.R. (KPMG Peat Marwick), London
Brevitt E.D. (Kendall Wadley), Malvern
Brewer S. (Grant Thornton), Portsmouth
Brewin N.J. (Pannell Kerr Forster), London
Briant M. (BDO Binder Hamlyn), Bristol
Bridgewater S.P. (Hays Allan), London
Brierley A.M. (Touche Ross & Co.), London
Brierley E. (Pannell Kerr Forster), Stoke-On-Trent
Bright A.J. (Price Waterhouse), Bristol
Brighton J.N. (Coopers & Lybrand), London
Briley S.A. (Coopers & Lybrand), London
Brisley N.K. (Price Waterhouse), Southampton
Britton N.D. (KPMG Peat Marwick), Preston
Bromley-Challenor J.E.L. (Coopers & Lybrand), London
Brooke S. (Buzzacott & Co), London
Brookes D. (Coopers & Lybrand), Birmingham
Brooks M.D. (Stoy Hayward), London
Brooks R.J. (KPMG Peat Marwick), London
Brooks T.J. (Dixon Wilson), London
Broomfield T.N. (Brooking, Knowles & Lawrence), Basingstoke
Brown A.D. (Price Waterhouse), London
Brown G. (Ernst & Young), Birmingham
Brown J.J. (BDO Binder Hamlyn), Birmingham
Brown P. (Ernst & Young), Manchester
Brown S.A. (E. Noel Humphreys & Co), Chester
Buchanan P. (KPMG Peat Marwick), Liverpool
Buchanan S.J. (BDO Binder Hamlyn), Birmingham
Buckley H.M. (Ernst & Young), Nottingham
Buckley S.J. (Touche Ross & Co.), London
Bull H.M. (Auerbach Hope), London
Bullas J.E. (Clark Whitehill), London
Burbridge A.L. (Coopers & Lybrand), Nottingham
Burdass J.E.B. (Arthur Andersen), Leeds
Burford S.P. (KPMG Peat Marwick), London
Burgess N.J. (Ernst & Young), Birmingham
Burgon J. (Hurst & Company), Cheadle Hulme
Burke D.A. (KPMG Peat Marwick), London
Burnet A.T.D.J. (Arthur Andersen), London
Burnett A.R. (Royce Peeling Green), Manchester
Burnett A.K. (Watson Wood), Bradford
Burnett C.J. (Potter & Pollard), Bournemouth
Burns D.J. (Coopers & Lybrand), Cambridge
Burton A.F. (KPMG Peat Marwick), Northampton
Burton J.R.S. (KPMG Peat Marwick), London
Burton M.J. (Grant Thornton), Portsmouth
Burton S.J. (Nash Broad Wesson), London
Bush G.R. (Kidsons Impey), Hull
Bushell J.S. (Price Waterhouse), London
Butcher N.M. (Ensors), Ipswich
Butler C. (Coopers & Lybrand), Uxbridge
Butler H.S. (Hurst & Company), Sale
Butler S. (Hacker Young), Bristol
Butterworth I.G. (Shelley Stock Hutter), London
Buxton N.F. (Coopers & Lybrand), London
Byers J.R. (Milne Ross), London
Byle P.A.F. (Armstrong Watson & Co), Kendal
Byrd K.S. (Coopers & Lybrand), Gloucester
Byrne S.J. (Hillier Hopkins), Harrow

C

Caffyn R.E. (Touche Ross & Co.), London
Cain A.J. (KPMG Peat Marwick), Leeds
Caine P.P. (David Smith Crosswaite), Harrogate
Caldecott D.G. (Moores Rowland), London
Callaghan D.P.J. (KPMG Peat Marwick), Manchester
Callow D.R. (Ernst & Young), Birmingham
Camberg J.G. (Chadwick & Co), Manchester
Cameron D.L. (Price Waterhouse), London
Campbell I. (KPMG Peat Marwick), London
Campbell J.W. (Ernst & Young), London
Campbell M.L. (Coopers & Lybrand), Reading
Campbell R.J. (Robson Rhodes), Cambridge
Candlish A. (Coopers & Lybrand), London
Canham H.L. (Price Waterhouse), Southampton
Cantrell A.M. (BDO Binder Hamlyn), Manchester
Captur N.J. (Arthur Andersen), London
Carey P.D. (Coopers & Lybrand), Cambridge
Carr C.P. (KPMG Peat Marwick), Manchester
Carruthers A.B. (KPMG Peat Marwick), London
Carson P.R. (Ernst & Young), London
Carter A.G. (Haslams), Warrington
Carter C.J. (KPMG Peat Marwick), Sheffield
Carter J.P. (Coopers & Lybrand), Cardiff
Carter M.J. (Ernst & Young), Norwich
Carter N.M. (KPMG Peat Marwick), London
Carter N.A. (Coopers & Lybrand), London
Carter S. (BDO Binder Hamlyn), Birmingham
Caruth S.C. (Kidsons Impey), Manchester
Carville D.G. (Fraser & Russell), London
Case J.M. (Neville Russell), London
Case R.D. (Price Waterhouse), Newcastle Upon Tyne
Cassidy S.F.C. (Touche Ross & Co.), London
Castenskiold E.H. (Touche Ross & Co.), London
Castor J.M. (Moore Stephens), London
Catto N.J. (Ernst & Young), Manchester
Catty R.F. (Ernst & Young), London
Chadha R. (Casson Beckman), London
Challinor D. (KPMG Peat Marwick), London
Chambers P.S. (Arthur Andersen), London
Chan C.W. (Arthur Andersen), Reading
Chan D.W.M. (Blick Rothenberg), London
Chan E.P. (KPMG Peat Marwick), London
Chan S.Y.Y. (Ernst & Young), London
Chan W.B. (Chantrey Vellacott), London
Chander S.L. (Stoy Hayward), London
Chandler M. (Ernst & Young), London
Chang L.K.D. (Coopers & Lybrand), Newcastle Upon Tyne
Chang M. (Touche Ross & Co.), Dartford
Chapple J.E. (Morgan Brown & Spofforth), London
Charles A.P. (Cohen Arnold & Co), London
Charles G.S. (Touche Ross & Co.), London
Charles P. (Robson Laidler), Newcastle Upon Tyne
Charlesworth S.F. (BDO Binder Hamlyn), London
Chatterton M.H. (Touche Ross & Co.), Cambridge
Cherrill S.E. (Cole Marie & Co), Redhill
Cherry A.J. (Price Waterhouse), St. Albans
Cherry S.J. (MacIntyre Hudson), Northampton
Cheshire K.C. (Arthur Andersen), Reading
Chester R.S. (Stoy Hayward), London
Cheung M.K. (Coopers & Lybrand), London
Chi V.W. (Cohen Arnold & Co), London
Chiam C. (Coopers & Lybrand), London
Child I.D. (Bird Luckin), Chelmsford
Childs A.D.W. (Morton Thornton), St. Albans
Childs M.R. (Newby Castleman), Leicester
Childs R. (Ernst & Young), Newcastle Upon Tyne
Chitty J.L. (Coopers & Lybrand), Birmingham
Chiu V.S.W. (Fisher, Sassoon & Marks), London
Chohan M. (KPMG Peat Marwick), London
Chong S.Y. (Ernst & Young), London
Chotai N.G. (BDO Binder Hamlyn), London
Chow A. (Gruber Levinson Franks), Warrington
Chow K.K.Y. (KPMG Peat Marwick), Milton Keynes
Chow W.M. (Ernst & Young), Bristol
Choy A.Y.W. (Ashfields), London
Christie C.G. (Price Waterhouse), London
Christmas R. (Pannell Kerr Forster), Guildford
Christodoulou M. (KPMG Peat Marwick), Chelmsford
Christofi C. (Coopers & Lybrand), London
Chu F. (Price Waterhouse), Manchester
Clancy S.A. (McKenzie & Company), Oxted
Clark M.A.A. (Clark Whitehill), Walsall
Clark P.D. (Baker Tilly), London
Clark S. (Robson Rhodes), London
Clark S.T. (Jewitt, Sparrow & Swinbank), Stockton-On-Tees
Clarke J.E.B. (Moores Rowland), London
Clarke J. (Ernst & Young), Manchester
Clarkson C.J. (KPMG Peat Marwick), Manchester
Clarkson I.G. (Coopers & Lybrand), Manchester
Clay C.E. (Thornton, Harper & Relph), Preston
Claydon P.V. (Coopers & Lybrand), Bournemouth
Clayton J.M. (KPMG Peat Marwick), Milton Keynes
Clemmey M.S. (Haines Watts), Slough
Cliffe A.J. (Price Waterhouse), Liverpool
Cliffe S.W. (Touche Ross & Co.), Crawley
Close J.D.E. (Arthur Andersen), London
Clube B.J.M. (Coopers & Lybrand), London
Coates A.J. (KPMG Peat Marwick), Birmingham
Coates A.D. (Stoy Hayward), Manchester
Coath M. (Hugill & Co), Waltham Cross
Cochrane C.F.J. (KPMG Peat Marwick), London
Cockayne S.J. (Price Waterhouse), Hull
Cocker N.D. (Coopers & Lybrand), Manchester
Cockin A.M. (KPMG Peat Marwick), Norwich
Coffey P. (Ernst & Young), London
Cohen B.J. (Arram Berlyn Gardner), London
Cohen G.D. (Stoy Hayward), London
Coker A. (Coopers & Lybrand), London
Cole R.E. (Critchleys), Oxford
Coleman J.L. (Touche Ross & Co.), Leeds
Coleman J.C. (Wilson, de Zouche & Mackenzie), Liverpool
Coles D.R. (Moores Rowland), Reading
Coley A.S. (Bissell & Brown), Birmingham
Colford C. (Arthur Andersen), Manchester
Collard P. (KPMG Peat Marwick), Bristol
Collins C.R. (KPMG Peat Marwick), London
Collins I.R. (BDO Binder Hamlyn), Newcastle Upon Tyne
Collins P.A. (Stoy Hayward), London
Collins S.A. (Ernst & Young), London
Collins S.P. (Coopers & Lybrand), Birmingham
Collis M.C. (Arthur Andersen), Nottingham
Combes B.E. (Coopers & Lybrand), Reading
Connolley D. (Rayner Essex), London
Connolly C. (BDO Binder Hamlyn), London
Constantinou C. (Grant Thornton), London
Conyers C.Y. (David Smith Crosswaite), Harrogate
Cook A.J. (Touche Ross & Co.), London
Cook C.M.A. (KPMG Peat Marwick), Ipswich
Cook D.G. (Seymour Taylor), High Wycombe
Cook J.R. (Wilson Green), London
Cook S.L. (BDO Binder Hamlyn), Leeds
Cook S.J. (Ernst & Young), London
Cooke H.Y. (Coopers & Lybrand), Sheffield
Cooke M.W. (Coopers & Lybrand), Reading
Cooper C.J. (Spokes & Company), Hildenborough
Cooper H.L. (Coopers & Lybrand), Uxbridge
Cooper K.R. (Hook Harris), Newport
Cooper M.P.N. (Rothman Pantall & Co.), Eastleigh
Cooper M.J. (BDO Reads), Guernsey
Cooper P.A. (KPMG Peat Marwick), Plymouth
Cooper S.B. (KPMG Peat Marwick), Brighton
Copeman J.R. (Price Waterhouse), London
Copley G.F. (Pannell Kerr Forster), Leicester
Corfield A.M. (Coopers & Lybrand), Newcastle Upon Tyne
Corfield C.A. (Bishop Edmund Umbleja), Cardiff
Cornelius I. (Price Waterhouse), Birmingham
Costaras P. (MacIntyre Hudson), London
Costello H.A. (KPMG Peat Marwick), Poole
Cottle E.F. (KPMG Peat Marwick), Hull
Cottrell A.P. (Reeves & Neylan), Canterbury
Coupland P.D. (KPMG Peat Marwick), Preston
Courten F.C. (Coopers & Lybrand), London
Cowan E.M. (Rothman Pantall & Co.), Winchester
Cox D.P. (Robson Taylor), Bristol
Cox J.P. (Bright Grahame Murray), London
Cox J. (Coopers & Lybrand), London
Cox L. (Touche Ross & Co.), London
Craig S.A. (Ernst & Young), Newcastle Upon Tyne
Crawford A.M.C. (KPMG Peat Marwick), London
Crawford J.P.P. (KPMG Peat Marwick), Birmingham
Crawford R.M. (KPMG Peat Marwick), Leicester
Crawley S. (KPMG Peat Marwick), Birmingham
Crighton S.E. (Baker Tilly), Watford
Croft R.D. (Ernst & Young), London
Cronin V.M. (Touche Ross & Co.), London
Crooks A.P. (Ernst & Young), Bristol
Crosby H.J. (Touche Ross & Co.), Manchester
Cruxton A.M. (Ernst & Young), Birmingham
Cryer J.D. (Hale & Company), Maidenhead
Cull R.E. (Ernst & Young), Cardiff
Cunliffe G. (Coopers & Lybrand), Leeds
Curran A. (Ernst & Young), London
Currie A.J. (Coopers & Lybrand), Manchester
Curtin A.E. (Coopers & Lybrand), London
Curtis G. (Coopers & Lybrand), London
Curtis J. (Ernst & Young), Norwich
Curtis J.E. (Neville Russell), London

D

Dale L.J. (Kilby, Fox & Co.), Northampton
Dale S.G. (Arthur Andersen), London
Dale S.M. (Rice & Co), Cannock
Dalton S.J. (Clement Keys), West Bromwich
Daly B.L. (Ernst & Young), London
Daly R.C. (KPMG Peat Marwick), London
Danby M.A. (KPMG Peat Marwick), London
Darby J.B. (BDO Binder Hamlyn), Bristol
Daubney P.J. (Ernst & Young), Southampton
Davenport P.J. (Limehouse & Co), Rugby
David I.M. (Littlejohn Frazer), London
Davidson S.J. (Grant Thornton), Plymouth
Davie K.E. (Moore Stephens), London
Davies A.F. (Coopers & Lybrand), Cambridge
Davies A.J. (KPMG Peat Marwick), Bristol
Davies A.P. (KPMG Peat Marwick), Oxford
Davies D.I. (Price Waterhouse), London
Davies G.C. (KPMG Peat Marwick), Manchester
Davies K. (KPMG Peat Marwick), Birmingham
Davies M.R.P. (Hazlewoods), Cheltenham
Davies M.J. (Coopers & Lybrand), London
Davies M.E.O. (Coopers & Lybrand), London
Davies N.T. (Coopers & Lybrand), London
Davies N.J. (Touche Ross & Co.), London
Davies R.E. (Coopers & Lybrand), London
Davies R.J. (KPMG Peat Marwick), Birmingham
Davies T.M. (Coopers & Lybrand), London
Davis B.G. (Smith Starmer Hart), Kettering
Davis C.J. (Auckland Goddard Hampson & Swain), Windsor
Davis H. (Grant Thornton), High Wycombe
Davis J.E. (H.W. Fisher & Company), London
Davis N.G. (KPMG Peat Marwick), Manchester
Davis R.A. (Stoy Hayward), London
Davis S.P. (Auerbach Hope), London
Davison S. (Clark Whitehill), London
Daw S.K.C. (Stoy Hayward), London
Dawkins R. (Stoy Hayward), London
Dawson S. (Reeves & Neylan), Canterbury
Day A.N. (Jolliffe Cork), Wakefield
Day R.L. (Whiting & Partners), Bury St.Edmunds
De Chasteauneuf L.J.J. (Price Waterhouse), London
De Morgan D. (KPMG Peat Marwick), London
Deacon J.S. (Ernst & Young), London
Deal S.K. (Touche Ross & Co.), London
Deane A.D. (Newby Castleman), Leicester
Debattista D.A. (Saffery Champness), London
Dedat Y. (Clay Ratnage Strevens & Hills), London
Dennington L.A. (Robson Rhodes), Bristol
Dennison S.C. (KPMG Peat Marwick), Guildford
Dent J.E. (Pannell Kerr Forster), Nottingham
Denyer S.T. (Price Waterhouse), London
Desouza D.F. (Neville Russell), Luton
Devalia D.V. (Coopers & Lybrand), London
Devane A.M. (Ernst & Young), Luton
Dexter B.A. (KPMG Peat Marwick), Sheffield
Dhanji I. (Coopers & Lybrand), London
Dhal S. (Downham & Co), Manchester
Dickens J.P. (Price Waterhouse), Bristol
Dickinson J.R. (Ernst & Young), Leicester
Dilling M.I. (Ernst & Young), Exeter
Diplock G.G. (Ernst & Young), London
Dixon C.R.L. (Ernst & Young), London
Dixon J.D. (Martin Wright & Co.), Colchester
Dixon S.M. (Ashdens), London
Dobbs A.C. (Cooper Lancaster), Manchester
Dobson G.L. (Neville Russell), London
Docherty K. (Rawlinson & Hunter), London
Docker A.R. (Ernst & Young), London
Dodhia B. (KPMG Peat Marwick), London
Donkin J.A. (Jennings Johnson), Sunderland
Donohoe G.M. (KPMG Peat Marwick), London
Doo C.Y.N. (KPMG Peat Marwick), London
Dougherty S. (Miell & Company), Oxford
Doughty P. (Price Waterhouse), Bristol
Douglass T.J. (KPMG Peat Marwick), Norwich
Dove-Edwin B.T. (Ernst & Young), London
Dowdeswell F.C. (Touche Ross & Co.), Bracknell
Downes J.S. (KPMG Peat Marwick), London
Downie J.C. (Stoy Hayward), London
Downing W.S.J. (Ernst & Young), London
Downs J.A.A. (Coopers & Lybrand), Leeds
Doxey J.E. (Price Waterhouse), Leicester
Doy N.R. (Starbuck Stone), Birmingham
Draisey M.S. (Touche Ross & Co.), Birmingham
Drew S.E. (Ernst & Young), Leeds
Drew Y. (Touche Ross & Co.), London
Drewett H.S. (Price Waterhouse), Windsor
Drummond J.E. (Hardcastle Burton), Redbourn
Drummond J.H.H. (Touche Ross & Co.), London
Dudfield R. (Moores Rowland), Walsall
Dudley B. (Kidsons Impey), London
Dudman A.C. (Ernst & Young), London
Duhra G.S. (Baker Tilly), London
Dumasia S.T. (KPMG Peat Marwick), London
Dundon C.J. (Coopers & Lybrand), London
Dunford T.M. (Ernst & Young), Norwich
Dunn J.M.R. (Price Waterhouse), London
Dunstan A.J. (Coopers & Lybrand), Swansea
Dutton P.F. (Gane Jackson Scott), London
Duxbury G.M. (Coopers & Lybrand), Leeds
Dyce W.A. (Ernst & Young), London

E

Eadie A.K. (Ernst & Young), London
Eamer D.J. (Pannell Kerr Forster), Worcester
Earle G.N. (Atkin, Macredie & Co), Sheffield
Earsman A.M. (Ernst & Young), London
East M.J. (Menzies), Woking
Eaton P.D. (Robt. A. Page & Co), Nottingham
Ebbitt B.J. (Keens Shay Keens), Luton
Ebbrell S.A. (Coopers & Lybrand), Uxbridge
Edge F.A. (BDO Binder Hamlyn), London
Edgar A.L. (Price Waterhouse), London
Edwards A.C. (Touche Ross & Co.), London
Edwards J.S. (Touche Ross & Co.), London
Edwards M. (Coopers & Lybrand), Bristol
Edwards M. (BDO Binder Hamlyn), Birmingham
Edwards P.T. (Touche Ross & Co.), Cardiff
Edwards R.J. (Bullimores), Dorking
Eccles J.D. (KPMG Peat Marwick), Stoke-On-Trent
Egan S.M. (Hale & Company), Maidenhead
Eldridge S.R. (Honey, Barrett & Co), Eastbourne
Ellaby M.J. (BDO Binder Hamlyn), Manchester
Elliott R.C. (Price Waterhouse), London
Elliott V.J. (Stoy Hayward), Manchester
Ellis A. (Touche Ross & Co.), London
Ellis F.E. (KPMG Peat Marwick), London
Ellis F.J. (Price Waterhouse), Cardiff
Elton N.A. (Price Waterhouse), Bristol
Elwell G.M. (Sproull & Co), Harrow
Elwig S.P. (Pannell Kerr Forster), London
Emerson M.C. (KPMG Peat Marwick), London
Emery A.L. (Touche Ross & Co.), Crawley
Ensor A.L. (Kidsons Impey), Birmingham
Erskine R.I.T. (Coopers & Lybrand), Birmingham
Esler R.W.H. (Grant Thornton), Sheffield
Espie D. (Arthur Andersen), London
Eu K.K. (KPMG Peat Marwick), Bradford
Evans D.M. (Coopers & Lybrand), Cardiff
Evans N.D. (Touche Ross & Co.), Bracknell
Evans R.J. (Price Waterhouse), London
Everist C.R.G. (Coopers & Lybrand), London
Everton V.L. (Morley & Scott), London
Exley A.N. (Grant Thornton), Cleckheaton

F

Fairbairn C.G.C. (Coopers & Lybrand), London
Fairclough A.A.C. (Wilson, de Zouche & Mackenzie), Liverpool
Farmer S.E. (Ernst & Young), London
Farrer-Brown M.D. (Coopers & Lybrand), London
Farrimond D.J. (KPMG Peat Marwick), Birmingham
Farrington C.J. (Spicer & Oppenheim), Nottingham
Fattorini A.H.T. (KPMG Peat Marwick), Bradford
Fawcett A.C. (Clark Whitehill), London
Fearon A.S. (Sayers Butterworth), London
Feely V.E. (Touche Ross & Co.), Cambridge
Fellows C.J. (KPMG Peat Marwick), Cambridge
Fellows J.A. (KPMG Peat Marwick), Birmingham
Fellows J. (KPMG Peat Marwick), Bristol
Fernandes F.X.W. (KPMG Peat Marwick), London
Feyisitan F. (BDO Binder Hamlyn), London
Field L.A. (Arthur Andersen), Cambridge
Field S.J. (KPMG Peat Marwick), London
Finch S. (Atkey Goodman), Plymouth
Finch V.M. (KPMG Peat Marwick), Sheffield
Finlay P. (Shipley Blackburn), London
Finnie K.L. (Price Waterhouse), Hull
Fiore F. (Arthur Andersen), London
Firth E.H.A. (Coopers & Lybrand), London
Firth P.J.M. (Price Waterhouse), Hull
Fisher A.J. (Haslams), Warrington
Fisher M.L. (Hawsons), Sheffield
Fitzpatrick D.W. (BDO Binder Hamlyn), London
Fitzsimons A. (Touche Ross & Co.), Bristol
Flashman C.S. (Littlejohn Frazer), London
Fleming I.R. (Comins & Co), London
Fleming W.P. (Larking Gowen), Norwich
Fletcher A.J. (Abraham and Dobell), Southampton
Fletcher P.J. (Cooper Parry Prior & Palmer), Derby
Flint B.M. (Touche Ross & Co.), Manchester
Flynn S.A. (Grant Thornton), Leicester
Folley S. (BDO Binder Hamlyn), St. Albans
Fone C.M. (Grant Thornton), London
Fong A.Y.C. (Auerbach Hope), London
Ford R.E. (KPMG Peat Marwick), Bristol
Foreman J.L. (Spicer & Oppenheim), London
Forguson G.L. (Neville Russell), Oxford
Forrest L. (Ernst & Young), Newcastle Upon Tyne
Forrester-Rhodes J. (KPMG Peat Marwick), St. Albans
Foster M.A. (Coopers & Lybrand), Leeds
Foster N. (BDO Binder Hamlyn), London
Fothergill J. (Menzies), Woking
Foulger A.A. (Ernst & Young), London
Fountain C.J. (Price Waterhouse), London
Fowler C.D. (Haines Watts), Reading
Fowler G.S. (Price Waterhouse), Hull
Fowles A. (Letchfords), Harrow
Fox J.Y. (Touche Ross & Co.), London
Fox N. (Clarks), Slough
Fox W. (Coopers & Lybrand), London
France D.J. (Kidsons Impey), London
Francis H.A. (Price Waterhouse), Southampton
Franklin A.J. (Price Waterhouse), Windsor
Freeman L.S. (Grant Thornton), Aylesbury
Froggatt C.J. (Latham Crossley & Davis), Chorley
Froom M.C. (KPMG Peat Marwick), Birmingham
Frost H.L. (Touche Ross & Co.), Bristol
Frost R.C. (Price Waterhouse), London
Frost S.E. (Coopers & Lybrand), Birmingham
Fryer S.M. (Caldwell & Braham), Dartford
Fulford G.D. (Touche Ross & Co.), London
Furlong S.I. (KPMG Peat Marwick), St. Albans
Furness B.J. (Coopers & Lybrand), London

G

Gac A.C. (Coopers & Lybrand), London
Gadsby A.P. (KPMG Peat Marwick), London
Gaitskell A.C. (Coopers & Lybrand), London
Galbraith A.E. (Coopers & Lybrand), London
Gallagher G.D. (KPMG Peat Marwick), Derby
Gallagher J.G. (Neville Russell), London
Gallienne M.L. (BDO Reads), Guernsey
Galvin C.M. (Price Waterhouse), London
Galvin I. (Stoy Hayward), Nottingham
Gambling S. (Ernst & Young), Manchester
Gandhi S. (Levy Gee), London
Ganguli A. (Price Waterhouse), London
Garbett G.S. (Garbutt & Elliott), York
Gardener C.M. (Grant Thornton), Leicester
Gardner S.J. (Coopers & Lybrand), Birmingham
Gardner-Brown D.M. (Robson Rhodes), London
Garibaldinos S.N. (KPMG Peat Marwick), London
Garnett N.C. (Price Waterhouse), St. Albans
Garside S.L. (Bright Grahame Murray), London
Garvey J. (Robson Rhodes), London
Gascoigne P.A. (Arthur Andersen), Leeds
Gascoigne R.J. (KPMG Peat Marwick), London
Gaskell F.E. (Price Waterhouse), London
Gate A.M. (Arthur Andersen), Leeds
Gatenby P.D. (Ernst & Young), Nottingham
Gates D.P. (Deeks Evans), Tunbridge Wells
Gates J.S. (Coopers & Lybrand), Leeds
Gaughan L.M. (Ernst & Young), Newcastle Upon Tyne
Gay T.R. (Price Waterhouse), Redhill
Geldard N.A. (Price Waterhouse), Leeds
George D.A. (Ernst & Young), Birmingham
George S.L. (Levy Gee), London
Gibbens D.L. (Robson Rhodes), Birmingham
Gibbons J.P.M. (Freeman Baker), St. Albans
Gibson J.A. (Coopers & Lybrand), Guernsey
Gibson K.C. (Touche Ross & Co.), Manchester
Gilbert L.J. (Brebner, Allen & Trapp), London
Gill C.H. (Grant Thornton), Birmingham
Gill H.N. (Kanas & Partners), Manchester
Gillard C.J. (Touche Ross & Co.), London
Gillibrand M.P. (Lloyd Piggott), Manchester
Gilmartin M. (Arthur Andersen), London
Ginman-Jones M.C. (Ernst & Young), Bristol
Girdhar A. (Price Waterhouse), London
Gittleson D.J. (Coopers & Lybrand), London
Glaser E.J. (Coopers & Lybrand), Manchester
Glaser L.C. (Coopers & Lybrand), Manchester
Glassman V.H. (Arthur Andersen), London
Glew M.J. (KPMG Peat Marwick), Bristol
Glover S.S. (Burnett Swayne), Southampton
Godel M.J. (Touche Ross & Co.), Jersey
Godsill A.J. (Ernst & Young), London
Gonzalez L. (BDO Binder Hamlyn), London
Goodgame J.D. (Ernst & Young), London
Goodman C.J. (Ernst & Young), London
Goodman M.D. (Newby Castleman), Leicester
Goodwin S.J. (Price Waterhouse), London
Goody A.J. (KPMG Peat Marwick), Milton Keynes
Gordon R.W. (KPMG Peat Marwick), Southampton
Goss R.J. (Touche Ross & Co.), London
Gottlieb J. (KPMG Peat Marwick), London
Gough D.A. (Arthur Andersen), London
Gradden A.J. (Price Waterhouse), London
Grady M.D. (KPMG Peat Marwick), Manchester
Graham C.A. (Simpson, Wreford & Co), London
Graham C.A. (Touche Ross & Co.), Manchester
Graham J.T. (KPMG Peat Marwick), Sheffield
Grainger A.A.B. (BDO Binder Hamlyn), Birmingham
Grainger P.J. (Callingham Crane), Leatherhead
Grant A. (Finn-Kelcey & Chapman), Ashford
Grant G. (Touche Ross & Co.), Bristol
Granville I.L. (Saffery Champness), High Wycombe
Gravett H.J. (KPMG Peat Marwick), Chelmsford
Gray D. (Lubbock Fine), London
Gray J.C. (Price Waterhouse), London
Gray S. (KPMG Peat Marwick), Birmingham
Grayson B. (Nash Broad Wesson), London
Green E.M. (Ledbury Martin), Trowbridge
Green N.A. (Felton & Co.), Kidderminster
Green P.J. (Pannell Kerr Forster), London
Green S.E.T. (Ernst & Young), London
Green S.A. (Robson Rhodes), Birmingham
Green-Armytage P.J. (Coopers & Lybrand), London
Greenwood P.J. (Ernst & Young), Ipswich
Gregg D.S. (Coopers & Lybrand), Leicester
Gregory S.J. (Coopers & Lybrand), Uxbridge
Gregson L.M. (Coopers & Lybrand), Sheffield
Grewal H. (Robson Rhodes), Rochester
Grewal R.S. (Nyman Libson Paul), London
Griffiths D.M.A. (Spicer & Oppenheim), Leeds
Griffiths D. (James & Uzzell), Swansea
Griffiths K. (Conway & Co), Chester
Griffiths M.E. (KPMG Peat Marwick), Exeter
Griffiths P.D. (BDO Binder Hamlyn), London
Griffiths R. (Price Waterhouse), Birmingham
Grigg S.M. (Ernst & Young), Bristol
Grimes D.P.J. (Kidsons Impey), Chester
Grimwade M.S. (Coopers & Lybrand), London
Grocott P.M. (Arthur Andersen), London
Gronow A.L. (Touche Ross & Co.), Bracknell
Grove R.E. (Shelley Stock Hutter), London
Grundy D.K. (Grant Thornton), Manchester
Gudka G.H.H. (Price Waterhouse), London
Guest P. (Peplows), Newton Abbot
Gunning S.W.L. (Price Waterhouse), Windsor
Guppy R.D. (Buzzacott & Co), London
Gupta R. (Harold Everett Wreford), London
Gupta S. (Haslers), Woodford Green
Gurav S.N. (Ernst & Young), London
Guy J.B. (Ernst & Young), Birmingham
Guyomar M. (Price Waterhouse), London

H

Haider S.B.S. (KPMG Peat Marwick), London
Haigney N.S. (Coopers & Lybrand), Birmingham
Hainsworth R.J. (Stoy Hayward), London
Hair B.R. (Arthur Andersen), London
Hales D. (KPMG Peat Marwick), London
Halford J. (Price Waterhouse), London
Hall A.R. (Holden, Harrison & Co), Manchester
Hall J.R. (Grant Thornton), Leeds
Hall M.J. (Walker R. Tait & Co), Newcastle Upon Tyne
Halliburn K.L. (KPMG Peat Marwick), Newcastle Upon Tyne
Halliwell F.M. (Ernst & Young), Manchester
Halliwell J. (KPMG Peat Marwick), London
Halliwell P.N. (BDO Binder Hamlyn), St. Albans
Ham D.F. (Coopers & Lybrand), London
Hamblyn I.D. (Price & Company), Eastbourne
Hamill M.J. (Coopers & Lybrand), London
Hamilton C. (Coopers & Lybrand), Manchester
Hammond A.D. (Coopers & Lybrand), Leeds
Handscomb P.E. (KPMG Peat Marwick), London
Hansford J. (Gane Jackson Scott), London
Hanson A.M. (Coopers & Lybrand), London
Haque M. (Rothman Pantall & Co.), London
Harben D.A. (Rawcliffe & Co), Blackpool
Hardie F.J. (KPMG Peat Marwick), London
Harding D.R. (Price Waterhouse), Cardiff
Harding G.D. (Price Waterhouse), Bristol
Harding S.G.L. (Robson Taylor), Bath
Harding S.J. (KPMG Peat Marwick), Milton Keynes
Hardman J.M.I. (KPMG Peat Marwick), London
Hardy S.D. (Haines Watts), Slough
Hargreaves M.D. (Touche Ross & Co.), Leeds
Harman J.A. (Coopers & Lybrand), Reading
Harper A.B. (Price Waterhouse), London
Harper H.R. (Coopers & Lybrand), Birmingham
Harper I.F.R. (Harrison Hill Castle & Co.), Bickley
Harper T.H.W. (KPMG Peat Marwick), London
Harriman P. (Coopers & Lybrand), Nottingham
Harris R.L. (Coopers & Lybrand), Portsmouth
Harrison A.P. (Leslie Bray & Co.), Otley
Harrison C.J.J. (Spicer & Oppenheim), Nottingham
Harrison G.M.B. (Greenhalgh & Co), Burton-On-Trent
Harrison K.A. (Martin and Company), Winchester
Hart J.L. (Clement Keys), Brierley Hill
Hartley C.A. (Cooper Parry Prior & Palmer), Nottingham
Harty J.J. (Helmore, Helmore & Co), London
Harvey A.J. (Price Waterhouse), Windsor
Harwood A. (Larkings), Maidstone
Hasan R. (Touche Ross & Co.), London
Hasoon J.P.C.C. (Rooke Holt), London
Hasson I.R. (Coopers & Lybrand), Newcastle Upon Tyne
Haughie A. (Ernst & Young), Manchester
Havery A.J. (KPMG Peat Marwick), London
Hawkins K.R. (Whittingham, Riddell & Co), Shrewsbury
Hawkins N.J. (Jolliffe Cork), Wakefield
Hawkins N.J. (Price Waterhouse), London
Hayer A. (Wheawill & Sudworth), Huddersfield
Hayes P.A. (Ernst & Young), London
Hayes R.J. (Pridie Brewster), London
Haynes S.R. (Touche Ross & Co.), London
Hayter M.J. (Ernst & Young), Reading
Haythornthwaite G.M. (Miller R.F.& Co), Barrow-In-Furness
Haywood N.C. (Coopers & Lybrand), Manchester
Headon A.D. (KPMG Peat Marwick), London
Heer N.S. (BDO Binder Hamlyn), London
Helson P.G. (KPMG Peat Marwick), London
Henshaw K.R. (Hazlewoods), Cheltenham
Henson D.R. (Apsleys), Tiverton
Heppell R.E. (Pannell Kerr Forster), London
Herrington L.M. (Price Waterhouse), Windsor
Hewson C.D. (KPMG Peat Marwick), Oxford
Hextall R.A. (Touche Ross & Co.), London
Heyl O.M.P. (Arthur Andersen), London
Hibbert M.J. (Touche Ross & Co.), Leeds
Hickman V.M.J. (Stoy Hayward), London
Hicks S.T. (BDO Binder Hamlyn), London
Higgins P.J. (Levy Gee), London
Hill G.S. (Arthur Andersen), London
Hill R.G. (Coopers & Lybrand), Croydon
Hill S.R. (Chantrey Vellacott), London
Hill T.A. (Coopers & Lybrand), London
Hilton M.R. (Reads & Co), London
Hindle R.J. (Arthur Andersen), Leeds
Hipkin J.A.D. (Coopers & Lybrand), Cardiff
Hipple L.A. (Moore Stephens), London
Hirst A. (KPMG Peat Marwick), Leeds
Hiscocks A.G. (Lonsdale & Marsh), Liverpool
Ho A.M.L. (Price Waterhouse), London
Hobbs C.P. (Hobson, Phillips & Sharpe), Nottingham
Hobbs D.M. (KPMG Peat Marwick), London
Hobbs M.A.H. (Coopers & Lybrand), London
Hodge C.E. (BDO Binder Hamlyn), London
Hodges K.M.E. (Coopers & Lybrand), Birmingham
Hodges N.K. (McLintock & Partners), Chester
Hodgkiss R.H. (Touche Ross & Co.), Leeds
Hodgson A.C. (Touche Ross & Co.), Birmingham
Hodgson C.R. (Longcrofts), Sutton
Hodson M.J. (Baker Tilly), Bradford
Hoeffler J.A. (BDO Binder Hamlyn), London
Hogg B.C. (Pannell Kerr Forster), Leeds
Holme A.R. (Neville Russell), London
Holden S.N.J. (Coopers & Lybrand), London
Holiday E.M. (KPMG Peat Marwick), Swansea
Holland C.A. (Stoy Hayward), London
Holland L.J. (Touche Ross & Co.), Bristol
Holliday A.S. (Kidsons Impey), Birmingham
Holliday N. (Grant Thornton), Manchester
Holloway T.R. (KPMG Peat Marwick), Reading
Holme T.R.H. (Coopers & Lybrand), Liverpool
Holmes C.L. (Coopers & Lybrand), Leeds
Holmes D. (Price Waterhouse), London
Holt J. (Touche Ross & Co.), Dartford
Hook K.J. (Coopers & Lybrand), Manchester
Hoong C.T. (Hugill & Co), London
Hooper E.J.L. (Coopers & Lybrand), Birmingham
Hooper P. (Hazlewoods), Cheltenham
Hopps D. (Brown, Butler & Co), Leeds
Hopwood C. (Coopers & Lybrand), London
Horn C.A. (Arthur Andersen), Manchester
Horne N.J. (Hacker Young), London
Horner K.R. (KPMG Peat Marwick), Norwich
Horrocks A. (Ernst & Young), London
Hosking J.A. (Price Waterhouse), London
Howarth S.D. (KPMG Peat Marwick), London
Howat A.J. (Peters, Elworthy & Moore), Cambridge
Howell N.C. (KPMG Peat Marwick), Milton Keynes
Howell S.P. (Ernst & Young), Swindon
Howells D. (Price Waterhouse), Middlesbrough
Howells D.W. (Haines Watts), Basingstoke
Howse A.F. (Morris Owen), Swindon
Huggett A.M. (Coopers & Lybrand), Cambridge
Hughes A.M. (Arram Berlyn Gardner), London
Hughes G. (KPMG Peat Marwick), Manchester
Hughes S. (KPMG Peat Marwick), St. Albans
Hull T.J. (Pannell Kerr Forster), Leeds
Humble M.F.W. (Morison Stoneham), Swindon
Humby J.M. (Wagstaffs), Hitchin
Hunt A.J. (KPMG Peat Marwick), Nottingham
Hunt B.J. (Coopers & Lybrand), London
Hunter M. (BDO Binder Hamlyn), London
Hurcombe A.J.D. (Ernst & Young), Birmingham
Hurl M.M. (Pridie Brewster), London
Hurst A.H. (Price Waterhouse), London
Hutchieson E. (Dean Statham), Stafford
Hutchings D.G. (Price Waterhouse), Cardiff
Hyslop C.J. (Coopers & Lybrand), London

I

Ind J.P. (Hawsons), Sheffield
Innes D.F. (Comins & Co), London
Ioannides C. (Pannell Kerr Forster), London
Iqbal M. (Ernst & Young), London
Irish S.B. (BDO Binder Hamlyn), Leamington Spa
Irvine J. (BDO Binder Hamlyn), London
Irving A.P. (Saint & Co.), Carlisle
Irwin J.H. (KPMG Peat Marwick), Southampton
Isaacs A. (Price Waterhouse), London
Isaacs R.A.S. (Acklands Bunker), Bristol
Isaacs S.L. (Stoy Hayward), London
Isaacs T.K. (Arthur Andersen), London
Iyengar C.R. (Coopers & Lybrand), Birmingham

J

Jack J.W. (KPMG Peat Marwick), London
Jackson K.J. (Touche Ross & Co.), Leeds
Jackson S.L. (Coopers & Lybrand), Gloucester
Jackson S. (Coopers & Lybrand), Cambridge
Jackson S.C. (Dutton Moore Atkin Gilbert), Hull
Jafarian A. (Touche Ross & Co.), London
Jain K. (Touche Ross & Co.), London
James A.C. (Rawlinson & Hunter), Ewell
James A.T.T. (Coopers & Lybrand), London
James D.J. (Hillier Hopkins), Hemel Hempstead
James J. (Touche Ross & Co.), Crawley
James K. (Ernst & Young), London
James N. (Ernst & Young), London
Jarman C.H. (Ernst & Young), Leicester
Jarman L.C. (Arthur Andersen), Cambridge
Jayaweera M.S. (Coopers & Lybrand), London
Jefferies D.M. (KPMG Peat Marwick), Chelmsford
Jefferyes R. (KPMG Peat Marwick), London
Jenkins D.R. (Wormald & Partners), Bristol
Jenkins J.P. (Goldwyns), Bristol
Jenkins K. (Ernst & Young), Reading
Jenkins M.A. (Arthur Andersen), Leeds
Jennings S.D. (Newland, Mallett, Garner, Woodbury & Co), Bristol
Jerome M.E. (KPMG Peat Marwick), London
Jiwa S.K. (Cartwrights), Barnet
Job M.S. (Ernst & Young), Birmingham
Johanputra S. (Leach Bright), Guildford
Jodiyawalla A.M. (Meralis), Harrow
Johanson A. (Monahans), Swindon
John M.E. (Coopers & Lybrand), Gloucester
Johnson A. (Coopers & Lybrand), Leeds
Johnson Ferguson L.R. (KPMG Peat Marwick), London
Johnson J.S. (KPMG Peat Marwick), Plymouth
Johnston J.F. (Coopers & Lybrand), London
Johnstone J.M. (KPMG Peat Marwick), Cambridge
Johnstone M.R. (Grant Thornton), London
Jolley E.A. (Ernst & Young), London
Jones A.B. (Ernst & Young), London
Jones A.E. (Moore Stephens), London
Jones A.H. (Auckland Goddard Hampson & Swain), Windsor
Jones A.J. (Murray Smith & Co), Northwich
Jones A.D. (KPMG Peat Marwick), Birmingham
Jones B.O. (KPMG Peat Marwick), London
Jones B.P. (Ernst & Young), Bristol
Jones C.P. (Ernst & Young), London
Jones F.G. (Arthur Andersen), Manchester
Jones G.A. (Price Waterhouse), Bristol
Jones J.M. (Ernst & Young), Liverpool
Jones M.P. (Crouch Chapman), London
Jones N.A. (Pannell Kerr Forster), London
Jones N.D. (Coopers & Lybrand), London
Jones N.M. (Coopers & Lybrand), London
Jones N. (Coopers & Lybrand), London
Jones R.M.S. (Charles Frieze & Co), Manchester
Jones S.N. (Ernst & Young), Sheffield
Jones S.P. (Coopers & Lybrand), Cardiff
Jones S.R. (BDO Binder Hamlyn), London
Jones V.G. (KPMG Peat Marwick), Reading
Joseph T.M. (Pannell Kerr Forster), Cardiff
Judd S.A. (Latham Crossley & Davis), Chorley
Jury C.A. (KPMG Peat Marwick), London

K

Kakoullis P.K. (Touche Ross & Co.), London
Kalsi B.K. (Crane & Partners), Bromley
Kanani A. (Pannell Kerr Forster), London
Kane G.M. (Price Waterhouse), Leeds
Kang A.S. (Price Waterhouse), London
Kang P.C.W. (Levy Gee), London
Kariuki E.N. (Coopers & Lybrand), Maidstone
Katten A.S. (Stoy Hayward), London
Kazi M.A. (Cornelius, Barton & Co), London
Kean R.J.A. (Wilson Braithwaite Scholey), Leeds
Keeble S.A. (Touche Ross & Co.), London
Keepax S.J. (Baker Tilly), Bromley
Keighley S.V. (Ernst & Young), Leeds
Kelland D. (KPMG Peat Marwick), London
Kellett A. (Coopers & Lybrand), Sheffield
Kelly C.D. (KPMG Peat Marwick), Liverpool
Kelly P.M.J. (Stoy Hayward), London
Kelly R.N. (Arthur Andersen), Reading
Kelshaw M.F. (Coopers & Lybrand), Manchester
Kember M.W. (Peters, Elworthy & Moore), Cambridge
Kemp J.M. (KPMG Peat Marwick), Sheffield
Kendall E.J. (Price Waterhouse), Leeds
Kennedy J.D. (Coopers & Lybrand), Birmingham
Kennedy R.J. (KPMG Peat Marwick), London
Kennedy S. (Shipley Blackburn), London
Kenny K. (KPMG Peat Marwick), London
Kensington E.N.M.J. (Coopers & Lybrand), London
Kent D. (Baker Tilly), London
Kerr E.F. (Touche Ross & Co.), Bournemouth
Kettle J.M. (Arthur Andersen), London
Kettle M.J. (KPMG Peat Marwick), Reading
Khandke I.K. (Touche Ross & Co.), Milton Keynes
Khawaja H. (Simmons Cohen Fine), London
Khinda R. (Coopers & Lybrand), Liverpool
Khutti V. (Price Waterhouse), Newcastle Upon Tyne
Kidd S.J. (Grant Thornton), Bedford
Kidger Z.M. (KPMG Peat Marwick), Leeds
Kilby D.L. (KPMG Peat Marwick), Leicester
Killworth A.P.A. (Grant Thornton), Northampton
Kilsby M.D.G. (Coopers & Lybrand), Croydon
Kinch S.P. (Touche Ross & Co.), Bristol
King D.J. (KPMG Peat Marwick), London
King M. (Neville Russell), London
King N.I. (Pannell Kerr Forster), Cardiff
Kirk A.C. (KPMG Peat Marwick), Bury
Kirkby N.R.E. (Touche Ross & Co.), Leeds
Kirkham J.A. (MacIntyre Hudson), Leicester
Knee S.D. (Baker Tilly), Swindon
Knudson P.S. (Arthur Andersen), Reading
Koh D.N.T. (Coopers & Lybrand), London
Koo Moy Sing J.P. (Touche Ross & Co.), London
Koumis G. (Touche Ross & Co.), Liverpool
Kuypers M. (Ernst & Young), Reading

L

La Riviere M. (Touche Ross & Co.), Bracknell
Lad N. (Price Waterhouse), Birmingham
Ladell M.R.B. (Hughes Allen), London
Lai J.S. (Coopers & Lybrand), Manchester
Laidlaw J.R. (Ernst & Young), London
Laikin M.A. (Price Waterhouse), London
Lai-Put-Fong S. (Arram Berlyn Gardner), London
Lake T.C. (Chantrey Vellacott), London
Lakoufi A. (Ernst & Young), London
Laleye T.E. (Stoy Hayward), London
Lam V.C.P. (Chantrey Vellacott), London
Lambrianou A. (KPMG Peat Marwick), Brighton
Lammie C.A. (Ernst & Young), Bristol
Lamond P.G. (Kidsons Impey), London
Lancashire A.F. (Price Waterhouse), Birmingham
Landsman M.J. (Lewis Alkin & Co), London
Lane A.C. (Dove Naish), Northampton
Lane A.P. (Touche Ross & Co.), Birmingham
Lane A.M. (Seymour Taylor), High Wycombe
Lang F.A. (Kidsons Impey), London
Langhorn R.M. (KPMG Peat Marwick), London
Langman A.B. (KPMG Peat Marwick), Newcastle Upon Tyne
Lansdown M.W. (Geo. Little, Sebire & Co.), London
Larkos M. (Ernst & Young), London
Larsson A.E. (Touche Ross & Co.), London
Latham P.J. (Morley & Scott), London
Latif S.K. (KPMG Peat Marwick), Reading
Laver A.J. (Price Waterhouse), London
Lavery R.E. (Touche Ross & Co.), Crawley
Law G.P. (Ernst & Young), London
Lawrence P.J. (Stoy Hayward), London
Laws K.J. (Pannell Kerr Forster), Manchester
Lawson D.S. (KPMG Peat Marwick), Birmingham
Lawson K.E. (Pridie Brewster), London
Lawton A.R. (Stoy Hayward), Birmingham
Layzell J.A. (Wenn Townsend), Abingdon
Le Sage K.J. (Pannell Kerr Forster), Sheffield
Learmonth C.J. (Coopers & Lybrand), London
Leathley C.M. (Kelsall Steele), Camborne
Lee H.M.L. (Touche Ross & Co.), Bracknell
Lee K.H. (Coopers & Lybrand), London
Lee T.C.H. (Clark, Brownscombe & Co), Hove
Lees A.D. (Price Waterhouse), Newcastle Upon Tyne
Lees G.W.H. (Coopers & Lybrand), Newcastle Upon Tyne
Leigh C.P. (Thornton, Harper & Relph), Preston
Leigh R.I. (Dixon Wilson), London
Leighs M. (KPMG Peat Marwick), Birmingham
Lemon A.M. (Jennings Johnson), Sunderland
Lemon J.M. (Touche Ross & Co.), Bristol
Leon G.C. (Coopers & Lybrand), London
Leon M.A.C. (KPMG Peat Marwick), London
Letcher K.A. (Price Waterhouse), London
Leung B.S.L. (KPMG Peat Marwick), Birmingham
Leung F.C. (KPMG Peat Marwick), London
Leung K.C.G. (Ernst & Young), Leeds
Leung R.Y. (Arthur Andersen), London
Leung S.C.E. (Wallace Crooke & Co), Walsall
Lew I.H. (Arthur Andersen), London
Lewington P.L. (Touche Ross & Co.), London
Lewis C.A. (Donald Reid & Co), Maidenhead
Lewis N. (Ernst & Young), London
Lewis S.J. (Touche Ross & Co.), Birmingham
Lewis T.R. (Littlejohn Frazer), London
Li E.W.H. (KPMG Peat Marwick), London
Liddle K. (Touche Ross & Co.), Newcastle Upon Tyne
Liew L. (KPMG Peat Marwick), London
Lightfoot K.J. (Price Waterhouse), Leeds
Lillywhite A.J. (BDO Binder Hamlyn), St. Albans
Lim A.S.K. (Buzzacott & Co), London
Lim C.H. (Touche Ross & Co.), London
Lim K.H. (Garners), Kingston-Upon-Thames
Lim S.C.J. (Stoy Hayward), Beckenham
Ling P.B. (KPMG Peat Marwick), London
Lisle J.C.T. (Arthur Andersen), London
Lisle S.R. (Abraham and Dobell), Southampton
List P.W. (Moore Stephens), Bath
Lister T.N.B. (Lakin Clark), Canterbury
Liu C. (Bright Grahame Murray), London
Liu S.H. (Price Waterhouse), London
Liu Y. (KPMG Peat Marwick), London
Livett J.A. (Ernst & Young), Bristol
Lloyd K. (Touche Ross & Co.), Cardiff
Lloyd M. (Price Waterhouse), Birmingham
Lo J. (Coopers & Lybrand), London
Loader R.J. (KPMG Peat Marwick), Bradford
Lochny K.J. (Hartley Fowler), Brighton
Locock V.J. (KPMG Peat Marwick), Reading
Long K.G. (Ernst & Young), Birmingham
Long M.L. (Pinkney, Keith Gibbs & Co), Uxbridge
Longbottom C.M.S. (Clark Whitehill Joselyne), Leeds
Longman N.W. (Touche Ross & Co.), Crawley
Lonsdale A.C. (Touche Ross & Co.), London
Lopez J.D. (The Parker Partnership), Hove
Lord S.J. (Price Waterhouse), Redhill
Lorimer A. (Robson Rhodes), Leicester
Loughrey A.N. (KPMG Peat Marwick), Manchester
Love N.E. (KPMG Peat Marwick), Swansea
Lovell J.A. (KPMG Peat Marwick), Manchester
Lovelock S.M. (Price Waterhouse), London
Lovesey J.H. (Price Waterhouse), London
Low E.H.P. (Coopers & Lybrand), London
Lowe A.E. (Ernst & Young), London
Lowe R.N. (Neville Russell), Sutton
Lowndes R.H. (Touche Ross & Co.), London
Lowry S.G. (Touche Ross & Co.), London
Luff C.G. (KPMG Peat Marwick), Southampton
Lugg M.K. (Roger Lugg & Co), Caterham
Luke J.K. (KPMG Peat Marwick), London
Lun Leung Y.O.P. (Hamiltons), Staines
Lund S. (Garbutt & Elliott), York
Lundie M. (Pannell Kerr Forster), London
Lynagh C.E. (KPMG Peat Marwick), Birmingham
Lynch J.A. (Robson Rhodes), London
Lyne C. (Grant Thornton), Ipswich

هكذا من الأصل

The Institute of Chartered Accountants in England and Wales

Results of Professional Examination 2 held in July 1992

List of Successful Candidates

M

Mabbett M.A. (KPMG Peat Marwick), London
McAlindon C.E. (Coopers & Lybrand), Manchester
McAra D.R. (KPMG Peat Marwick), Nottingham
Macauley M.J. (KPMG Peat Marwick), Brighton
Macbean D. (Touche Ross & Co.), Manchester
McBride M.E. (Ernst & Young), Liverpool
McBride R.A. (Price Waterhouse), London
McCafferty M.J. (Grant Thornton), Newcastle Upon Tyne
McCall A.J. (Langton Morland), Liverpool
McCarthy H.J. (Clark Whitehill), London
McClean M.D. (Price Waterhouse), London
McClure R.J. (BDO Binder Hamlyn), St. Albans
McCrea P.A. (Stoy Hayward), Manchester
McCreery S.A. (Touche Ross & Co.), Cambridge
McCrory K.L.C. (Coopers & Lybrand), London
McCulloch W. (Blick Rothenberg), London
McDonald D. (Lenan, Hill & Hilton), Nottingham
McDonald J.E. (Coopers & Lybrand), London
McDonnell D.L. (KPMG Peat Marwick), Southampton
McDonnell S.G. (KPMG Peat Marwick), Reading
Mace S.J. (Price, Bailey), Norwich
McEwing J.G. (Touche Ross & Co.), London
McFadzean L.K. (Stoy Hayward), Sheffield
McFeeley M. (BDO Binder Hamlyn), London
McGill R.T. (Kidsons Impey), Birmingham
McGrath G.J. (Hereward Philips), London
McGregor-Smith H.M. (Stoy Hayward), London
McGuire D.G. (Hacker Young), Manchester
McGuire D.J. (Ernst & Young), Southampton
McGurk S.P. (Lonsdale & Marsh), Liverpool
McHugh P.A. (Coopers & Lybrand), Manchester
McKenna J.G. (Coopers & Lybrand), Southampton
McKenna S.P. (Coopers & Lybrand), Birmingham
Mackenzie I.S. (Charlton & Co), South Shields
McKeown A.J.P. (Trevor Jones & Co.), Birmingham
McKie D.A. (Dutton Moore Atkin Gilbert), Hull
Mackworth-Praed R.E. (Price Waterhouse), London
McLaren E.L. (Touche Ross & Co.), London
Maclean F.J. (Price Waterhouse), London
McLucas A.T. (Ernst & Young), London
McNab D.J. (Price Waterhouse), London
McNab K.L. (Calder W.J. Sons & Co), London
Macpherson T.M. (Price Waterhouse), London
McPhillips S.R. (Fraser & Russell), London
McWhirter S.A.P. (Coopers & Lybrand), London
Madden R.J. (Arthur Andersen), Cambridge
Maddox N.M. (Price Waterhouse), London
Madeley J.E. (Arthur Andersen), Leeds
Maheswaran R.R. (Ernst & Young), Luton
Makin P.D. (Cooper-Parry, Watson, Sowter & Co), Derby
Male P.K. (Touche Ross & Co.), Dartford
Malhotra R. (Coopers & Lybrand), London
Maloney M. (Coopers & Lybrand), London
Malpass A.M. (Coopers & Lybrand), Birmingham
Maltby M.A. (Ernst & Young), London
Man H.S.Y. (Casson Beckman), London
Manfield W.R. (Rothman Pantall & Co.), Eastleigh
Manfredi C. (Coopers & Lybrand), Newcastle Upon Tyne
Mann R.J. (Miller A.C.D.), Wickham
Manning D.R. (Goldwyns), Southend-On-Sea
Mannings S.A.E. (Chantrey Vellacott), Canterbury
Mansell D.F. (Pannell Kerr Forster), Leeds
Mansell S.A. (Price Waterhouse), London
Mansergh A.M. (Dodd & Co.), Carlisle
Manuel M.Y. (Arthur Andersen), London
Marinho F.R.A. (Coopers & Lybrand), Bristol
Mark R.F. (KPMG Peat Marwick), Preston
Marley S.P. (Colman, Whittaker & Roscow), Lancaster
Marrion M.S. (KPMG Peat Marwick), Guildford
Marsh B. (Ernst & Young), London
Marsh P.F. (KPMG Peat Marwick), Southampton
Marsh S.G. (Touche Ross & Co.), Bristol
Marshall A.C. (Garbutt & Elliott), York
Marshall P.A. (KPMG Peat Marwick), Poole
Martin A.J. (Touche Ross & Co.), London
Martin C.P. (Grant Thornton), Plymouth
Martin F.J.C. (Coopers & Lybrand), Newcastle Upon Tyne
Martin S.A. (KPMG Peat Marwick), St. Albans
Martin S.C. (Coopers & Lybrand), Sheffield
Martirossian A. (Price Waterhouse), Redhill
Martyn S.J. (Coopers & Lybrand), Reading
Mason K.J. (Riddington D. & Co), Bexley
Mason S.J. (KPMG Peat Marwick), Maidstone
Mason S.R. (Chipchase, Manners & Co), Middlesbrough
Mason W. (Ernst & Young), London
Massey D.E. (Coopers & Lybrand), Birmingham
Matheka J.K. (Ernst & Young), London
Matheson A.J. (Ernst & Young), Leeds
Matson S.J. (Price Waterhouse), Nottingham
Matthews N. (Moores Rowland), Brighton
Matthews S.R. (Price Waterhouse), London
Maunder A. (Touche Ross & Co.), London
Maxfield A. (Smith, Craven), Doncaster
Maxwell S.J. (Touche Ross & Co.), London
May N.A. (KPMG Peat Marwick), London
Mayhew R.J. (Coopers & Lybrand), Southampton
Mayne P.J. (KPMG Peat Marwick), Milton Keynes
Mayo C.M. (KPMG Peat Marwick), London
Meakin C.H.W.L.S. (KPMG Peat Marwick), Swindon
Mears P.A. (Ernst & Young), London
Mears R.J. (Dixon Wilson), London
Mears R.A.J. (Kingston Smith), London
Medhurst N.B.S. (KPMG Peat Marwick), London
Medley G.B. (Moores Rowland), Kingston-Upon-Thames
Meehan A.J. (Neville Russell), Birmingham
Meharg L.M. (Coopers & Lybrand), Cambridge
Mehrotra P.L. (Pridie Brewster), London
Mena A.A. (Coopers & Lybrand), Maidstone
Menhinick S.E. (Coopers & Lybrand), Cardiff
Mensah B. (Coopers & Lybrand), London
Merali H. (Roth & Co), London
Merchant A.E. (Sorsky Defries), London
Meredith W.R.C. (KPMG Peat Marwick), London
Merson M.S. (Arthur Andersen), London
Metaxas S. (H.W. Fisher & Company), London
Mian K.A. (Larking Gowen), Norwich
Michael A.J. (Gane Jackson Scott), London
Midgley J.A. (Wilson Braithwaite Scholey), Leeds
Miles C.A. (BDO Binder Hamlyn), Newbury
Miles D.J. (Arthur Andersen), London
Miles M.T. (Price Waterhouse), Southampton
Millard D.A. (Ernst & Young), London
Miller I.R. (Price Waterhouse), London
Miller J.A. (KPMG Peat Marwick), Bristol
Mills A. (Terence Wright & Co), Fleetwood
Mills P.D. (Arthur Andersen), Birmingham
Milne J.K.M. (Armstrong Watson & Co), Carlisle
Mingay C. (Levy Gee), London
Minikin C.L. (Salvage M.R. & Co), Bourne End
Mitchell J.M. (Ernst & Young), London
Mitchell N.M. (Arthur Andersen), Bristol
Moffat R.J.C. (Price Waterhouse), Southampton
Mohammed P. (Baker Tilly), Manchester
Molyneux C.A. (Coopers & Lybrand), Manchester
Monaghan R. (KPMG Peat Marwick), Newcastle Upon Tyne
Moncrieff R.D. (Ernst & Young), London
Mondon A.P. (BDO Binder Hamlyn), Poole
Money T.J. (Touche Ross & Co.), London
Monfries M.C.F. (Coopers & Lybrand), Reading
Monfries T.W. (KPMG Peat Marwick), Reading
Monk C.R. (Touche Ross & Co.), Manchester
Moody I.H.J. (Coopers & Lybrand), London
Moore I.D. (KPMG Peat Marwick), Birmingham
Moore S.J. (Price Waterhouse), Hull
Moorhouse K.P. (Beever & Struthers), Manchester
Moran A. (Touche Ross & Co.), London
Moran S. (H.W. Fisher & Company), London
Morgan H.J. (Smith & Williamson), Guildford
Morgan S.E. (KPMG Peat Marwick), London
Morjaria R. (Blakemores), London
Morris A.J. (Ernst & Young), London
Morris D.G. (Neville Russell), Stockport
Morris J. (Ernst & Young), Exeter
Morris L.G. (Myers Clark), Watford
Morris R.R. (Coopers & Lybrand), Portsmouth
Morrison J. (KPMG Peat Marwick), Derby
Morrison L.C. (Pannell Kerr Forster), London
Morritt D. (KPMG Peat Marwick), Bradford
Morse H.F. (Arthur Andersen), London
Mort R.B. (KPMG Peat Marwick), Stoke-On-Trent
Mortlock D.J. (Ernst & Young), London
Morton S.E. (MacIntyre Hudson), London
Moses M.M. (Price Waterhouse), London
Moss A.D. (Ernst & Young), Liverpool
Moss A.J. (KPMG Peat Marwick), Milton Keynes
Moss C.J. (Latham Crossley & Davis), Chorley
Moss P.N. (BDO Binder Hamlyn), Manchester
Mottram S.T. (Price Waterhouse), London
Mowforth L. (Coopers & Lybrand), London
Muck K.Y. (Coopers & Lybrand), London
Mukherjee S. (Arthur Andersen), London
Mullaly J. (Horder Adey), London
Mullen N.P. (Beavis Walker), London
Murdoch C.A.A. (Nash Broad Wesson), London
Murphy S.A. (Touche Ross & Co.), Bracknell
Murray R.P. (Ernst & Young), Birmingham
Murray R.J. (Touche Ross & Co.), Milton Keynes
Mychajluk M. (Arthur Andersen), Leeds

N

Nacouzi P. (Richards & Co), Bristol
Nall C.W.J. (Price Waterhouse), London
Nanson S.J. (Ernst & Young), Manchester
Nathwani A.H. (Price Waterhouse), London
Nayar V. (KPMG Peat Marwick), London
Needham B. (Clement Keys), West Bromwich
Needham C. (Wilkins Kennedy), Orpington
Nelson K.R. (Straughan J.N. & Co), Washington
Nettleship J.S.R. (Buzzacott & Co), London
Nettleton P. (Williams Allan), Windsor
Neumann J.C. (Coopers & Lybrand), Uxbridge
Newell P.A. (Price Waterhouse), Nottingham
Newman A.D. (KPMG Peat Marwick), Brighton
Newman C.W. (Grant Thornton), Portsmouth
Newton M.J. (Calder W.J. Sons & Co), London
Newton P.A. (Robson Rhodes), Leeds
Newton P.J. (Arthur Andersen), London
Ng S. (KPMG Peat Marwick), Birmingham
Ng S.S.Y. (Jayson Newman), London
Ngan C.F. (Hacker Young), London
Ngun S.Y.D. (Hazlewoods), Cheltenham
Nnuzi M.W. (KPMG Peat Marwick), London
Nicholls P.A. (Coopers & Lybrand), London
Nicholson A.R. (Jervis & Partners), Northampton
Nicholson D.F. (KPMG Peat Marwick), London
Nicholson S. (Coopers & Lybrand), Birmingham
Nix S.J. (Grant Thornton), Poole
Noakes S.R. (Moores Rowland), Brighton
Nock M.A. (KPMG Peat Marwick), Birmingham
Norman S.J. (Ernst & Young), London
Nottidge R.N.R. (Coopers & Lybrand), Cambridge
Nugent P. (BDO Binder Hamlyn), Manchester
Nunn B.J. (KPMG Peat Marwick), Ipswich
Nutbrown H.J. (Touche Ross & Co.), Bracknell

O

Oakley T. (Baker Tilly), Manchester
Oates A.B. (Levicks), Maidstone
O'Brien J.R. (Kingston Smith), Upminster
O'Brien S.A. (Price Waterhouse), Manchester
Ochieng M.O. (Coopers & Lybrand), Liverpool
O'Donnell R.J. (Wheawill & Sudworth), London
O'Donovan B. (KPMG Peat Marwick), London
O'Donovan N.J. (Lonsdale & Marsh), Liverpool
O'Dwyer D.C.M. (KPMG Peat Marwick), London
O'Dwyer M.J. (Coopers & Lybrand), Portsmouth
Ogilvie C.M. (Price Waterhouse), London
O'Grady N.S.M. (Touche Ross & Co.), London
O'Hara P.S. (Ernst & Young), Newcastle Upon Tyne
Ojany R.P.O. (Coopers & Lybrand), Southampton
Older J. (Buzzacott & Co), London
Olding K. (Shipley Blackburn), London
O'Neill M.W. (Vandenburghs), London
O'Neill W. (Ernst & Young), Newcastle Upon Tyne
Openshaw J.R. (KPMG Peat Marwick), London
Osborne G. (Touche Ross & Co.), London
Otton C.E.P. (Coopers & Lybrand), London
Owen J.W.M. (Ernst & Young), Jersey
Owen R.H. (Ernst & Young), Birmingham

P

Paden S.J. (Touche Ross & Co.), London
Paget D.V. (Kimberley, Morrison, Moore & Co), Birmingham
Pain H.P. (Ernst & Young), Luton
Palejowski J.C. (Price Waterhouse), London
Paley H.L. (KPMG Peat Marwick), Preston
Palmer L.A. (KPMG Peat Marwick), Milton Keynes
Paloba F.M. (BDO Binder Hamlyn), London
Paranjape N. (Price Waterhouse), London
Parker I. (KPMG Peat Marwick), Chepstow
Parkes R.E. (Ernst & Young), Birmingham
Parr A.N. (Touche Ross & Co.), Newcastle Upon Tyne
Parry J.D. (Littlejohn Frazer), London
Parsons A.M. (Coopers & Lybrand), Bristol
Parsons A.J.M. (Coopers & Lybrand), London
Parsons N.E. (Touche Ross & Co.), Manchester
Partington J. (Arthur Andersen), Manchester
Partridge A.A. (Hazlewoods), Cheltenham
Partridge C.H. (Price Waterhouse), Bristol
Parylo V.E. (Neville Russell), Birmingham
Pate C. (KPMG Peat Marwick), Stoke-On-Trent
Patel A.D. (Pannell Kerr Forster), Birmingham
Patel G. (Simmons Cohen Fine), London
Patel H. (Price Waterhouse), London
Patel H.D. (Westbury, Schotness & Co.), London
Patel H.N. (KPMG Peat Marwick), Milton Keynes
Patel J. (KPMG Peat Marwick), London
Patel K.K.S. (KPMG Peat Marwick), London
Patel N.R. (Coopers & Lybrand), London
Patel P. (BDO Binder Hamlyn), London
Patel R. (KPMG Peat Marwick), Maidstone
Patel S. (MacIntyre & Co), London
Patel S.J. (Grant Thornton), High Wycombe
Paton C.J. (Ernst & Young), London
Patterson A.M. (Touche Ross & Co.), Bournemouth
Patterson P.D. (Touche Ross & Co.), Southampton
Paver M.A. (Clark Whitehill), Reading
Pearce J.A. (KPMG Peat Marwick), London
Pearce S.J. (Coopers & Lybrand), Southampton
Pearlman M.S. (KPMG Peat Marwick), London
Pearson N.J.W. (Coopers & Lybrand), Jersey
Peart W.A. (KPMG Peat Marwick), London
Pedley H.M. (Pritchett & Co), Colwyn Bay
Pelling S.J. (Ernst & Young), London
Pemberton V. (KPMG Peat Marwick), Stoke-On-Trent
Penness S.T. (Coopers & Lybrand), Jersey
Penny I.S.E. (KPMG Peat Marwick), Milton Keynes
Perfect P.N. (Kingston Smith), London
Peris I.M. (KPMG Peat Marwick), London
Perring R.M. (Coopers & Lybrand), London
Perry M.D.J. (Mole A.C. & Sons), Taunton
Perry R.R.J. (KPMG Peat Marwick), London
Persaud A. (KPMG Peat Marwick), Leicester
Pessian-Haghighi T. (Coopers & Lybrand), London
Petley R.W. (Coopers & Lybrand), Birmingham
Petrie R.G. (Wilder Coe), London
Petrou K. (Maurice J. Bushell & Co), London
Phang O.L. (Ernst & Young), Newcastle Upon Tyne
Phillips J.M.J. (Coopers & Lybrand), Sheffield
Philpott D.J. (Coopers & Lybrand), Reading
Philpott R.J.L. (Coopers & Lybrand), London
Phimister M.A. (Brebner, Allen & Trapp), London
Pialucha M. (Coopers & Lybrand), London
Piatek A.M. (Stoy Hayward), Ware
Pickering L.A. (KPMG Peat Marwick), Sheffield
Pickles A.J. (Price Waterhouse), Hull
Picton N.R. (Jervis & Partners), Northampton
Piddock H.K. (Coopers & Lybrand), Southampton
Piercy J. (Griffins), Newbury
Piercy N. (Coopers & Lybrand), Sheffield
Piggott R.J. (Price Waterhouse), St. Albans
Pitcher M.R. (Price Waterhouse), Newcastle Upon Tyne
Pitts C.D. (Price Waterhouse), London
Plant B.W.R. (KPMG Peat Marwick), St. Albans
Plant P.J. (Dean Statham), Stafford
Platt J.A. (James & Cowper), Newbury
Platt S.J. (Coopers & Lybrand), Liverpool
Plowman G.J. (Arthur Andersen), Manchester
Plumley Z. (Alliotts), London
Plumtree J. (Coopers & Lybrand), London
Pointon R.H. (Fraser & Russell), London
Pollard R.K. (Arthur Andersen), Birmingham
Poole A.E. (Civvals), London
Poole S.L. (Howsons), Stoke-On-Trent
Popat S.S. (Newtons), East Molesey
Potter C.D. (BDO Binder Hamlyn), Leeds
Potter L.M. (Clark Whitehill), London
Potter P.D. (Leigh Carr), London
Potter R.J. (KPMG Peat Marwick), London
Potts K.M. (Arthur Andersen), London
Poulsom J.E. (KPMG Peat Marwick), Guildford
Poulson S.M. (Ernst & Young), Cardiff
Povah K. (Nicholass, Ames & Co.), London
Povey C.J. (KPMG Peat Marwick), Birmingham
Pow A.J. (Touche Ross & Co.), Manchester
Powell J.R. (Coopers & Lybrand), London
Powley A.J. (KPMG Peat Marwick), London
Poyner S.E. (Coopers & Lybrand), London
Price A.O. (Moore Stephens), London
Price H.J. (Ernst & Young), Birmingham
Price N.C. (Ernst & Young), Southampton
Prince J. (Price Waterhouse), London
Prince K.J. (KPMG Peat Marwick), London
Proctor M.F. (Price Waterhouse), London
Prosser M.T. (BDO Binder Hamlyn), Nottingham
Pugh L.J. (Hughes Allen), London
Puleston A.J. (Burgess, Hodgson & Co), Canterbury
Pursglove P.M. (Kidsons Impey), London
Purvis C.K. (Fraser & Russell), London
Puxty P.R. (Coopers & Lybrand), Maidstone
Pym A.D. (Kidsons Impey), Birmingham

Q

Quinn G. (KPMG Peat Marwick), London

R

Rabbitts T.M. (Ernst & Young), London
Rabheru R. (Goodman Jones), London
Rabone R.J. (Coopers & Lybrand), Birmingham
Radford J.A. (Coopers & Lybrand), London
Radlett S.J. (Touche Ross & Co.), London
Raghavan V. (Ernst & Young), Birmingham
Rahimi M. (BDO Binder Hamlyn), London
Rai H.S. (Coopers & Lybrand), London
Raicar R. (Citroen Wells), London
Raikes J.A. (KPMG Peat Marwick), London
Rainbow J.D. (Grant Thornton), Brighton
Rainer M.J. (Coopers & Lybrand), London
Raja M.C. (Morison Stoneham), London
Rajagopalan S.K. (Touche Ross & Co.), London
Rajaratnam C. (Price Waterhouse), London
Ramachandran S. (Silver Altman), London
Rampersaud C. (Stoy Hayward), London
Ramsay F.C. (KPMG Peat Marwick), Brighton
Ramsay G.J. (Price Waterhouse), London
Ramsden Z.J. (Gilbert Allen & Co), Tonbridge
Randles C.M. (Conway & Co), Chester
Rao A.A. (Alsens), London
Rawle J.C. (Kidsons Impey), London
Ray J. (Touche Ross & Co.), London
Raykundalia S.R. (Touche Ross & Co.), Birmingham
Reay I.A.J. (Baker Tilly), London
Redwood A.J. (Coopers & Lybrand), Cambridge
Rees G.J.M. (Coopers & Lybrand), Cardiff
Rees H.L. (Baker Tilly), London
Rees S.A. (Ernst & Young), London
Rees T.H. (Grant Thornton), London
Reeve S. (Booth Ainsworth), Cheadle
Rehman F.U. (Dias Jones & Partners), London
Reid A.W. (Touche Ross & Co.), London
Reid M.D.S. (Robson Rhodes), Manchester
Reid R.C. (Price Waterhouse), Manchester
Reid S.J. (KPMG Peat Marwick), Birmingham
Reindel C.P. (Ernst & Young), Manchester
Remedios O.F. (Morgan Brown & Spofforth), Loughton
Renfrew J.H. (BDO Binder Hamlyn), London
Rennie A.J. (Horder Adey), London
Rennie M.L. (Dolby, Holt), Liverpool
Renshaw S.J. (KPMG Peat Marwick), Sheffield
Rew P. (Arthur Andersen), London
Rhys J.W. (Price Waterhouse), Middlesbrough
Rice G. (KPMG Peat Marwick), St. Albans
Richards A.D. (Arthur Andersen), Birmingham
Richards D.J. (Price Waterhouse), London
Richards J.D. (KPMG Peat Marwick), London
Richards M. (Touche Ross & Co.), London
Richardson P. (Touche Ross & Co.), London
Richardson R.J. (KPMG Peat Marwick), Northampton
Richter M.E. (Saffery Champness), London
Rickman J.P. (Price Waterhouse), Redhill
Riddick C.A. (Coopers & Lybrand), Liverpool
Rideout M.B. (Stoy Hayward), Ware
Ridley-Thomas C.L. (Coopers & Lybrand), London
Rigby J. (Ernst & Young), London
Rigby J.A. (Price Waterhouse), Windsor
Riley A.S. (Ernst & Young), Manchester
Riley A.J. (Touche Ross & Co.), Manchester
Riley R.M. (Arthur Andersen), Manchester
Rink A.C. (Arthur Andersen), London
Ritchie C.J. (Clark, Brownscombe & Co), Hove
Ritchie J.F. (Coopers & Lybrand), Liverpool
Robbins A. (KPMG Peat Marwick), Birmingham
Robbins S.F. (Arthur Andersen), London
Roberts D.J. (Wells Richardson), Sheffield
Roberts H.J. (Coopers & Lybrand), London
Roberts J.E. (KPMG Peat Marwick), Manchester
Robertson S.H. (Grant Thornton), High Wycombe
Robeson C.R. (KPMG Peat Marwick), London
Robins A.S. (KPMG Peat Marwick), Truro
Robinson J.Y. (Jolliffe Cork), Wakefield
Robinson L.F. (MacIntyre & Co), London
Robinson M.A. (Rolfe Swayne), Haslemere
Robinson M.C. (Coopers & Lybrand), Croydon
Robinson N.J. (Touche Ross & Co.), London
Robinson R.E. (Coopers & Lybrand), Nottingham
Rock P.P. (Coopers & Lybrand), Leeds
Roe J.J.B. (BDO Binder Hamlyn), London
Rogers E.L. (Touche Ross & Co.), London
Rogers H.L. (Barrow, Bartlett & Stanbury), Barnstaple
Rolfe K.V. (KPMG Peat Marwick), London
Rolls R.J. (Blythens), Nottingham
Rose H.C. (Coopers & Lybrand), London
Rose M.S. (Coopers & Lybrand), London
Rosen E. (Moore Stephens), Enfield
Ross R.T. (KPMG Peat Marwick), Reading
Rossiter P. (Thornton, Harper & Relph), Preston
Round A.J. (KPMG Peat Marwick), Canterbury
Routledge S.M. (Coopers & Lybrand), Birmingham
Rowcliffe M.A. (BDO Reads), Guernsey
Rowe A.E.R. (Touche Ross & Co.), Bracknell
Rowe D.A. (Watkins, Bradfield & Co), Neath
Rowley K.J. (KPMG Peat Marwick), Manchester
Roy A. (Ernst & Young), London
Roy R. (Grant Thornton), Northampton
Rudkin L.J. (Ernst & Young), Newcastle Upon Tyne
Rughani S. (Coopers & Lybrand), London
Rulten C.A. (Morison Stoneham), London
Russell L.G. (Grant Thornton), London
Russell M.L. (Clement Keys), Evesham
Russell M.W. (Ernst & Young), Leeds
Russell R.P. (Stoy Hayward), Chelmsford
Rust S.A. (Coopers & Lybrand), London
Rutterford S.J. (Spicer & Oppenheim), Nottingham
Ryan D.J. (Arthur Andersen), Manchester
Ryder R.K. (Allotts), Rotherham

S

Sabharwal S. (KPMG Peat Marwick), Douglas
Sadler C. (Price Waterhouse), London
Saidi W.S. (Coopers & Lybrand), London
Salisbury A.J. (Kidsons Impey), Altrincham
Salmona L.M. (Coopers & Lybrand), Leeds
Salt B. (Revell Ward), Huddersfield
Saluveer M.A. (Arthur Andersen), London
Sanders J.A. (Coopers & Lybrand), London
Sanders J.A. (O'Brien & James), Pontypridd
Sanders T.J. (KPMG Peat Marwick), London
Sandiford J. (Price Waterhouse), Manchester
Sands D.J. (Morley & Scott), London
Sarchett E.A. (Saffery Champness), High Wycombe
Saunders P.B. (Bishop Fleming), Plymouth
Saunders R.C.M. (Bristow, Burrell), Croydon
Savage M.J. (Coopers & Lybrand), Birmingham
Savage P.J. (Ernst & Young), London
Savvides C.A. (KPMG Peat Marwick), London
Sawhney A. (KPMG Peat Marwick), London
Sawyer E.J. (Ernst & Young), London
Sayers P.A. (Price Waterhouse), London
Scarrott R.J. (Arthur Andersen), Birmingham
Schofield G. (KPMG Peat Marwick), Guildford
Schofield J. (KPMG Peat Marwick), Leeds
Schofield J.M.D. (Arthur Andersen), Reading
Schofield R.C. (Touche Ross & Co.), Birmingham
Schomburgk N.J.D. (Coopers & Lybrand), Uxbridge
Scordi N.I. (Touche Ross & Co.), London
Scott A.K. (Touche Ross & Co.), Newcastle Upon Tyne
Scott D.D. (Coopers & Lybrand), London
Scott F.A. (KPMG Peat Marwick), London
Scott J.R. (Ernst & Young), London
Scriven G.M. (KPMG Peat Marwick), Birmingham
Scriven R.A. (KPMG Peat Marwick), Nottingham
Sector R.F. (Touche Ross & Co.), London
Sedgwick S.M. (Coopers & Lybrand), London
Seeley T. (Coopers & Lybrand), London
Seifert M.K. (Ernst & Young), London
Selby A.K. (Lyon Pilcher), Southampton
Sellar T. (Touche Ross & Co.), Cambridge
Selwood J.M. (Larkings), Canterbury
Seraphim C. (Levy Gee), London
Sethi S. (Ashleys), Hitchin
Seville V.R. (Stoy Hayward), Manchester
Sewell D.M. (Grant Thornton), Bristol
Shackleford A.L. (Price Waterhouse), London
Shacklock T.M.J. (Kasmir Woolf), London
Shafran V.C. (Touche Ross & Co.), London
Shah B. (KPMG Peat Marwick), London
Shah M.R. (Arthur Andersen), London
Shah N.P. (Citroen Wells), London
Shah R. (Baker Tilly), London
Shah R.S. (Lubbock Fine), London
Shaheen R.A. (Price Waterhouse), London
Shanks N.D.G. (Rice & Co), Cannock
Shankster J.K. (Ernst & Young), London
Shareef N. (Durrani, Pannett & Co), Horley
Sharma S. (Gainsleys), London
Sharman H.J. (Kingston Smith), London
Sharp A.D. (Price Waterhouse), London
Sharp D.J. (KPMG Peat Marwick), London
Sharpe J.C. (Coopers & Lybrand), Leeds
Sharpe P.J. (Rolfe Swayne), Haslemere
Shaw H.C. (MacIntyre & Co), London
Shaw J.C. (Moore Stephens), London
Shaw P.J. (Touche Ross & Co.), London
Shaw P.J. (KPMG Peat Marwick), Bradford
Shaw S.E. (Coopers & Lybrand), London
Sheikh A.J. (Westbury, Schotness & Co.), London
Shelton R.J. (Grant Thornton), Wellingborough
Shepherd K.T. (KPMG Peat Marwick), Leeds
Shepherd N.H. (BDO Binder Hamlyn), London
Shiers C.M. (Coopers & Lybrand), Manchester
Shiers E.A. (Chadwick & Co), Liverpool
Shin D. (Grant Thornton), Crawley
Shipley A.J. (KPMG Peat Marwick), London
Shirvell W.D. (Pinkney, Keith Gibbs & Co), Uxbridge
Short G.R. (Rickard Keen & Co), Southend-On-Sea
Sik G.S.K. (Coopers & Lybrand), Cambridge
Simkins M.W. (Ernst & Young), Reading
Simpson D.L. (KPMG Peat Marwick), Southampton
Simpson J.C. (Coopers & Lybrand), London
Simpson S. (Price Waterhouse), Birmingham
Sims G.R. (Kidsons Impey), London
Sinclair M. (Stoy Hayward), Richmond
Singh H. (Menzies), Slough
Singh R. (Touche Ross & Co.), London
Sin Yan Too, D.P. (Rosenthal, Hass & Co), London
Sisodiya R. (Price Waterhouse), Windsor
Skidmore J.F. (Touche Ross & Co.), Cardiff
Skipp R.J. (Moores Rowland), Bishop's Stortford
Skoulding P.I.M. (KPMG Peat Marwick), Milton Keynes
Skry A.C. (Ernst & Young), London
Slater I.G. (KPMG Peat Marwick), London
Slater S.D. (Sutcliffe & Riley), Halifax
Slipper J.C.C. (Ernst & Young), London
Small N.J. (KPMG Peat Marwick), Poole
Smeeton R.J. (Price Waterhouse), Middlesbrough
Smith A.J. (KPMG Peat Marwick), Nottingham
Smith A.M. (Grant Thornton), Leeds
Smith C.A. (Ernst & Young), Birmingham
Smith C.E. (Grant Thornton), Cleckheaton
Smith E.A. (Coopers & Lybrand), Norwich
Smith G.G. (Touche Ross & Co.), London
Smith G.K. (Price Waterhouse), Middlesbrough
Smith I.S. (Coopers & Lybrand), Newcastle Upon Tyne
Smith J.L. (Butt Cozens), Colchester
Smith J.L. (Leach Bright), Guildford
Smith J.D. (Price Waterhouse), Nottingham
Smith J.S. (Coopers & Lybrand), Liverpool
Smith J. (Arthur Andersen), London
Smith K.A. (Coopers & Lybrand), London
Smith L.A. (Arthur Andersen), London
Smith M.A. (Ernst & Young), London
Smith M.R. (KPMG Peat Marwick), Bristol
Smith P.M. (Revell Ward), Leeds
Smith S.R. (Austral Ryley & Co), Worley
Smith S.C. (Ernst & Young), Manchester
Smith S. (Kidsons Impey), Birmingham
Smith S.J. (Ernst & Young), Southampton
Smith S.P. (Clark Whitehill), Kidderminster
Smyth-Osbourne M.A. (Touche Ross & Co.), London
Soanes C.M. (Price Waterhouse), Redhill
Socratous S.E. (Grant Thornton), London
Soden A.C. (MacIntyre Hudson), High Wycombe
Sohodele M. (Lomax Chant), London
Soley J.A. (Coopers & Lybrand), Birmingham
Sowerby R.A. (KPMG Peat Marwick), Huddersfield
Sowery J.A. (Ernst & Young), London
Soo W.F. (Simmons Cohen Fine), London
Sood P. (Hawsons), Sheffield
Southgate J.S. (Coopers & Lybrand), London
Spano M. (Wheeler G.A. & Co), King's Lynn
Spellman S.G. (KPMG Peat Marwick), Birmingham
Spence A. (Arthur Andersen), Manchester
Spence R.J. (Price Waterhouse), Hull
Spenceley D.B. (Price Waterhouse), Middlesbrough
Spencer S.M. (Gane Jackson Scott), London
Spiegel J. (Littlejohn Frazer), London
Sproule D.H. (Ernst & Young), Bristol
Stacey G.D. (BDO Binder Hamlyn), Croydon
Stainton J.H. (KPMG Peat Marwick), Manchester
Staniforth A.C.D. (Hart Shaw), Sheffield
Stanley J.P. (Coopers & Lybrand), Norwich
Stanley K.L. (Latham Crossley & Davis), Chorley
Stannett P.J. (Price Waterhouse), Windsor
Stansfeld R.G.W. (Touche Ross & Co.), London
Stansfield M. (Duncan & Toplis), Grantham
Stark D.A. (Coopers & Lybrand), Newcastle Upon Tyne
Steane K.L. (KPMG Peat Marwick), London
Steed J.M. (Price Waterhouse), Leeds
Steenberg A.W.F. (Ernst & Young), London
Steer K.J. (KPMG Peat Marwick), Brighton
Steliou C. (Halpern and Woolf), London
Stemmer R.A. (Martindale Beaumont & Co), St. Helens
Stephen J. (Ernst & Young), Manchester
Stephenson J. (Pannell Kerr Forster), Sheffield
Stern I.J. (BDO Binder Hamlyn), St. Albans
Stevens N.J. (KPMG Peat Marwick), Cambridge
Stilgoe R.N.A. (Coopers & Lybrand), London
Stirling J. (Sagar Croudson), Leeds
Stirton M.L. (Ernst & Young), Cambridge
Stock J.C. (Albert Goodman), Taunton
Stockbridge A.E. (Price Waterhouse), London
Stone A.L. (KPMG Peat Marwick), Poole
Stone L.R. (Arthur Andersen), London
Stones G. (KPMG Peat Marwick), London
Storey C.M. (Price Waterhouse), London
Storey J.F. (Arthur Andersen), London
Storie B.J. (Ernst & Young), Edinburgh
Storrs J.S.J. (Ernst & Young), London
Stott K.H. (Coopers & Lybrand), Manchester
Stouppa G. (KPMG Peat Marwick), Bristol
Stylianou A.C. (KPMG Peat Marwick), London
Suberbere M.M. (Arthur Andersen), London
Sullivan C. (Price Waterhouse), Leeds
Sung J.K.H. (Westbury, Schotness & Co.), London
Suthon C.D. (KPMG Peat Marwick), Reading
Swan A.C.H.J. (Ernst & Young), Ipswich
Swann S.P. (KPMG Peat Marwick), London
Swansbury M. (Price Waterhouse), Newcastle Upon Tyne
Swarbrick N.A. (Touche Ross & Co.), Manchester
Sweeney A. (Barron Rowles Bass), Bromley
Sweeney T.J. (Coopers & Lybrand), London
Swift J. (Royce Peeling Green), Manchester
Swinburn J. (KPMG Peat Marwick), Newcastle Upon Tyne
Sylvester T.J. (KPMG Peat Marwick), Sheffield
Sze G.Y. (Chambers Fry & Co), London

T

Taggart K. (Ernst & Young), Cambridge
Talbot D.C. (Geo. Little, Sebire & Co.), Harpenden
Talfourd-Cook J.A.B. (Arthur Andersen), London
Tan A.P. (Neville Russell), London
Tan L.H.K. (Ernst & Young), London
Tan M.H.I. (Arthur Andersen), London
Tan V. (Price Waterhouse), London
Tang E.K. (Chambers Fry & Co), London
Tang W.H. (Seymour Taylor), High Wycombe
Taniguchi H. (Touche Ross & Co.), London
Tarragano M. (KPMG Peat Marwick), London
Tate D.J. (KPMG Peat Marwick), London
Tatham C.H. (KPMG Peat Marwick), Leeds
Tattar B.S. (Stoy Hayward), London
Taylor A.J. (Ernst & Young), Reading
Taylor C.F. (Arthur Andersen), Leeds
Taylor C.N. (KPMG Peat Marwick), London
Taylor D.M. (Walter Hunter & Co), Newport
Taylor E.M. (Thomas May & Co), Leicester
Taylor H.M. (Ernst & Young), Luton
Taylor H.R. (KPMG Peat Marwick), Reading
Taylor J.R. (Price Waterhouse), London
Taylor J.B. (Touche Ross & Co.), London
Taylor K. (Price Waterhouse), Leicester
Taylor M.J. (Bellman Messik), London
Taylor M.J. (Coopers & Lybrand), Nottingham
Taylor-Gregg A.F. (Hacker Young), London
Teckham P. (Chambers Fry & Co), London
Tedesco D. (Coopers & Lybrand), Cardiff
Temple I.R. (Hale & Company), Maidenhead
Templeman D.J.F. (Price Waterhouse), London
Tennant A.J. (Buckle Barton), Leeds
Thakrar A.D. (Coopers & Lybrand), London
Thakur R. (KPMG Peat Marwick), London
Thambiah I. (Stoy Hayward), London
Thankey B.L. (KPMG Peat Marwick), Leicester
Thapar R. (MacIntyre Hudson), London
Thom A.S.B. (Coopers & Lybrand), Sheffield
Thomas A.R.S. (KPMG Peat Marwick), London
Thomas A.D. (KPMG Peat Marwick), Cardiff
Thomas C. (Ernst & Young), Cardiff
Thomas C.P. (E. Noel Humphreys & Co), Chester
Thomas H. (Stoy Hayward), Chelmsford
Thomas J.S. (Touche Ross & Co.), Manchester
Thomas M.D. (Touche Ross & Co.), London
Thomas S.J. (KPMG Peat Marwick), London
Thompson L.M.L. (Coopers & Lybrand), Liverpool
Thompson P.S. (Coopers & Lybrand), London
Thomson R. (Pannell Kerr Forster), London
Thornton J.M.C. (Wellers), Oxford
Thornton-Cooper A. (Acklands Bunker), Bristol
Thorpe A.J. (Arthur Andersen), Nottingham
Thorpe D. (Pridie Brewster), London
Thwaites G.B. (Coopers & Lybrand), London
Tickell L.J. (KPMG Peat Marwick), Truro
Tims I.J. (Parry Kirkby & Co), Crowthorne
Tindall S.J. (Potter & Pollard), Bournemouth
Tinsley P.M. (Wheeler G.A. & Co), Wisbech
Tisdell E.J. (Coopers & Lybrand), Birmingham
Titcomb P.A. (KPMG Peat Marwick), Guildford
Toffolo D.W. (Ernst & Young), Hull
Ton Nu P.L.L. (Coopers & Lybrand), London
Tovey P.S. (Murray Smith & Co), Northwich
Trainer T.M. (Stoy Hayward), London
Travis W.A. (Littlejohn Frazer), London
Trawny P.D. (Smith & Williamson), London
Traynor K.L. (Ernst & Young), Exeter
Tree J.A. (Moore Stephens), London
Truscott A.T. (Coopers & Lybrand), Swansea
Tse L. (KPMG Peat Marwick), Brighton
Tsolakis K. (KPMG Peat Marwick), Manchester
Tuffin R.L. (Coopers & Lybrand), Reading
Tulloch E.A. (Coopers & Lybrand), Maidstone
Turner M.F. (Coopers & Lybrand), London
Turner T.J. (Latham Crossley & Davis), Chorley
Turney J.S. (Price Waterhouse), Nottingham
Turnock M.J. (KPMG Peat Marwick), London
Turrell A.W. (Butterworth, Jones & Co), Taunton
Turton A.C. (Barron Rowles Bass), Egham
Tye C.M. (Touche Ross & Co.), London
Tye P.A. (Turner Easdale), London
Tyler A.P. (Price Waterhouse), Newcastle Upon Tyne
Tyrrell J.M. (BDO Binder Hamlyn), London

U

Ullman S.J. (KPMG Peat Marwick), London
Uranic J. (KPMG Peat Marwick), London
Urbanowicz A. (KPMG Peat Marwick), Liverpool

V

Van Kempen F.J.G. (Coopers & Lybrand), London
Vanneck J.C. (Coopers & Lybrand), Cambridge
Varley K. (Coopers & Lybrand), London
Varshani S. (Pannell Kerr Forster), London
Varu M.K. (Citroen Wells), London
Vashisht A. (KPMG Peat Marwick), London
Vasi T. (KPMG Peat Marwick), London
Vaze S.M. (Coopers & Lybrand), London
Vergopoulos J.D. (Touche Ross & Co.), London
Verma S. (KPMG Peat Marwick), London
Veron A.J. (BDO Reads), Guernsey
Vickers A.D. (Price Waterhouse), Windsor
Vickers C.J. (Touche Ross & Co.), London
Vickerstaff J.H. (Ernst & Young), Newcastle Upon Tyne
Virdee A.S. (BDO Binder Hamlyn), London
Virdee G.P.S. (Stoy Hayward), London
Vora S. (Ernst & Young), London

W

Waddington A.R. (Langley, Stuttard & Co), Nelson
Wadey C.F. (Saffery Champness), London
Wagman S. (Stoy Hayward), London
Wagstaff C.D. (Coopers & Lybrand), London
Wainwright B.L. (KPMG Peat Marwick), Nottingham
Waite C.F.S. (Robson Rhodes), Leeds
Wakeham P.T. (Spicer & Oppenheim), Southampton
Walby C.D. (Bellman Messik), London
Walia S. (Grant Thornton), Bradford
Waliczek R.A. (Coopers & Lybrand), Cambridge
Walker A.C. (Touche Ross & Co.), Leeds
Walker A.J. (Neville Russell), Stockport
Walker A.J. (John Gordon, Walton & Co), Leeds
Walker A.J. (KPMG Peat Marwick), Leeds
Walker C.L. (Ernst & Young), Norwich
Walker P.I. (BDO Binder Hamlyn), London
Walker R.B. (Touche Ross & Co.), London
Walker R.T. (Monahans), Cirencester
Wall C. (Haslams), Stockport
Wall L.A. (Lever Bros & Co), London
Wallace A.S. (Price Waterhouse), London
Waller P.O. (KPMG Peat Marwick), Bristol
Wallis A.P. (Ernst & Young), Sheffield
Wallis G.R. (KPMG Peat Marwick), London
Walmsley T. (Coopers & Lybrand), Liverpool
Walpole G.A. (KPMG Peat Marwick), Milton Keynes
Walsh D.M. (Stoy Hayward), London
Walsh L.D. (Price Waterhouse), Manchester
Walters A.J. (Burnett Swayne), Southampton
Walters D.R. (Price Waterhouse), Birmingham
Walters P.W. (KPMG Peat Marwick), London
Walther S.R. (Touche Ross & Co), Dartford
Ward D.S. (Coopers & Lybrand), Birmingham
Ward G. (Touche Ross & Co.), London
Ward M.C. (KPMG Peat Marwick), Bristol
Ward T.C. (Ernst & Young), Leeds
Wardle A.J. (Hancocks), Atherton
Wardle J.H. (Coopers & Lybrand), London
Warner M. (Beever & Struthers), Manchester
Warner R.J. (Stoy Hayward), London
Warr J.P. (BDO Binder Hamlyn), London
Warren A.J. (Buzzacott & Co), London
Warrick J.D. (Atkey Goodman), Plymouth
Watchman P.J.A. (Price Waterhouse), London
Watchorn D.G. (Newman & Partners), London
Waterman M. (Leigh Carr), London
Waters D.E. (Touche Ross & Co.), Cardiff
Waters M.A. (Price Waterhouse), London
Watkins L. (Rawlinson & Hunter), Ewell
Watkins M.A. (Arthur Andersen), London
Watkinson J.A. (Arthur Goddard & Co), London
Watson H.A.M. (BDO Binder Hamlyn), Newbury
Watson J.M. (Coopers & Lybrand), Southampton
Watson M.J. (Price Waterhouse), Newcastle Upon Tyne
Watson N.M. (KPMG Peat Marwick), Sheffield
Watson S.F. (Wilkins Kennedy), Southend-On-Sea
Watts G.A. (Stoy Hayward), Ewell
Watts P.D. (KPMG Peat Marwick), London
Watts P.V. (Moore, Bedworth & Co), Barnstaple
Weatherill A.J. (Calder W.J. Sons & Co), London
Weaver A. (Lyon, Griffiths & Co), Nantwich
Webb D.H. (Hughes Allen), Chelmsford
Webster M.J. (BDO Binder Hamlyn), London
Webster N.G. (Clement Keys), Birmingham
Webster R.M. (KPMG Peat Marwick), Hull
Wedgwood S.T. (Coopers & Lybrand), London
Wee A.H.E. (Newman & Partners), London
Weekes I.D. (Coopers & Lybrand), Birmingham
Weekes R.E. (Touche Ross & Co.), London
Weeks G.J. (Ernst & Young), Bristol
Weight D.A. (Ernst & Young), Exeter
Weir D.R. (Pannell Kerr Forster), Nottingham
Wenzmann D.M. (Price Waterhouse), St. Albans
Weldon J.G.E. (Arthur Andersen), Reading
Wellings C.M. (Coopers & Lybrand), London
Wells A.L. (Price Waterhouse), Southampton
Wells H. (Arthur Andersen), Leeds
Wells R.S. (Price Waterhouse), London
Welsh J.J.S. (Coopers & Lybrand), Bristol
Welsh R.C. (Wallwork, Nelson & Johnson), Preston
Wendlandt E. (KPMG Peat Marwick), London
Wesson E.H. (KPMG Peat Marwick), London
West N.A.J. (Price Waterhouse), Birmingham
West T.J.A. (Arthur Andersen), Leeds
Westmacott P.S. (Afford Bond), Nantwich
Whale S. (Price Waterhouse), London
Whalen T.G. (Ernst & Young), London
Whalley N.J. (Ernst & Young), London
Whapham G.R. (Chantrey Vellacott), London
Wharton S.F. (Ernst & Young), Reading
Wheeler P.C. (Price Waterhouse), Nottingham
Wheeler S.R. (Coopers & Lybrand), Leeds
Wheeler S.D. (KPMG Peat Marwick), Leicester
White C. (Touche Ross & Co.), London
White N.J.A. (Hacker Young), Manchester
White P.R. (Coopers & Lybrand), Manchester
Whiteford A.M. (Nash Broad Wesson), London
Whiteway R.J. (Coopers & Lybrand), Reading
Whitfield A.P. (Touche Ross & Co.), Manchester
Whittaker J. (Touche Ross & Co.), Dartford
Whittaker N. (Ernst & Young), London
Whittenbury R.J.H. (Chantrey Vellacott), London
Whitwood A. (Touche Ross & Co.), London
Wholey K.P. (Sheen Stickland), Farnham
Wickremasinghe R. (Touche Ross & Co.), London
Widger G. (Robson Taylor), Bath
Wienholdt V.J. (Price Waterhouse), Manchester
Wilcox M.A. (BDO Reads), Guernsey
Wiles T.M. (KPMG Peat Marwick), Milton Keynes
Wilkie L. (Armstrong Watson & Co), Carlisle
Wilkins G.M. (KPMG Peat Marwick), Birmingham
Wilkinson D.P. (Robson Rhodes), London
Wilks S.A. (Price Waterhouse), Nottingham
Williams A.E. (Haysom Silverton & Partners), Bletchley
Williams D.S. (Kidsons Impey), Ipswich
Williams J.S. (Lawford & Co.), Staines
Williams J.S. (Ernst & Young), Reading
Williams L. (Pannell Kerr Forster), London
Williams M.N. (KPMG Peat Marwick), Leeds
Williams N.A. (KPMG Peat Marwick), London
Williams P.P. (Coulson & Co), Scarborough
Williams R.C. (Stoy Hayward), London
Williams S.E. (Ernst & Young), Birmingham
Williams S.E. (Pannell Kerr Forster), Worcester
Williamson C.M. (KPMG Peat Marwick), London
Williamson C.D. (Price Waterhouse), Windsor
Williamson K.E. (Touche Ross & Co.), London
Willis S.A. (KPMG Peat Marwick), Oxford
Wilson A.A. (Arthur Andersen), London
Wilson B.J.O. (Coopers & Lybrand), London
Wilson C.A. (Ernst & Young), Reading
Wilson D.C. (KPMG Peat Marwick), Manchester
Wilson J.M.C. (KPMG Peat Marwick), Northampton
Wilson K.D. (Ernst & Young), Manchester
Wilson L.J. (Coopers & Lybrand), Southampton
Wilson P. (Grant Thornton), High Wycombe
Wilson T.J.L. (Robson Rhodes), Manchester
Wiltshire P.D. (Touche Ross & Co.), Dartford
Wing C.D. (BDO Binder Hamlyn), London
Winstanley A.C. (Stoy Hayward), Birmingham
Winter J.R. (Price Waterhouse), London
Winter M. (KPMG Peat Marwick), Birmingham
Winters D. (Citroen Wells), London
Wise S.C. (Moore Stephens), London
Withall N.D. (Lenan, Hill & Hilton), Nottingham
Withnall K. (Coopers & Lybrand), Bristol
Wolanek H. (Fraser & Russell), London
Wolf M.E. (Touche Ross & Co), Southampton
Wong F. (Robson Laidler), Newcastle Upon Tyne
Wong J. (Levy Gee), London
Wong K. (Newman & Partners), London
Wong Y.K. (Touche Ross & Co), Birmingham
Wood A.M.R. (Stoy Hayward), London
Wood A.J. (Touche Ross & Co.), London
Wood B.J.B. (Chantrey Vellacott), London
Wood J.M. (Ernst & Young), Manchester
Wood K. (Coopers & Lybrand), London
Wood P.C. (Coopers & Lybrand), Cardiff
Wood P.J. (Geo. Little, Sebire & Co.), Enfield
Wood R. (Price Waterhouse), Birmingham
Wood R. (Ernst & Young), London
Wood R.A. (Coopers & Lybrand), London
Wood S.J. (Ernst & Young), Birmingham
Wood S.D. (KPMG Peat Marwick), Sheffield
Woodford H.C. (KPMG Peat Marwick), Poole
Woods R.L. (Grant Thornton), Sheffield
Woodward R.J. (Grant Thornton), Bedford
Wooldridge J. (KPMG Peat Marwick), Birmingham
Wootton C. (Ernst & Young), Manchester
Wragg A.C. (Coopers & Lybrand), Nottingham
Wranek P.V. (KPMG Peat Marwick), Ipswich
Wright A. (Coopers & Lybrand), Southampton
Wright C.J. (Neville Russell), Luton
Wright D.A. (KPMG Peat Marwick), Milton Keynes
Wright P.J. (Touche Ross & Co.), London
Wroe M.J. (Touche Ross & Co.), London
Wu H.L. (Ernst & Young), Leeds
Wyatt R.J. (Milne Ross), Kingston-Upon-Thames
Wynne C.J. (Coopers & Lybrand), Milton Keynes
Wynter L.A. (Touche Ross & Co.), Crawley

Y

Yap D.T.H. (Rawlinson & Hunter), Ewell
Yaqub M. (KPMG Peat Marwick), Birmingham
Yates J. (Ernst & Young), Manchester
Yates-Mercer D.R.G. (KPMG Peat Marwick), London
Yeung W.K. (KPMG Peat Marwick), London
Yiannaki A. (Pannell Kerr Forster), Manchester
Yim J.K.Y. (KPMG Peat Marwick), London
Young A.T. (Stoy Hayward), London
Young A.M. (Ernst & Young), Leeds
Young C.C. (Winters), London
Young D.A.R. (Coopers & Lybrand), London
Young S.C.C. (Buckle Barton), Leeds
Yule A. (Pannell Kerr Forster), Darlington

Z

Zafar A. (Price Waterhouse), Birmingham
Zaidi A.A. (KPMG Peat Marwick), London
Zevedeou M. (Price Waterhouse), London
Zissell A.M. (Touche Ross & Co.), London
Zulu A.Z. (Coopers & Lybrand), Birmingham

Cominco seeks tax cuts to secure Trail smelter

By Bernard Simon in Toronto

COMINCO, the Canadian base metals producer, has warned that the viability of its troubled Trail lead and zinc smelter in south-east British Columbia hinges on a willingness by the provincial government to provide tax and other cost-cutting concessions.

The BC authorities have so far rejected various recommendations made earlier this year by a "jobs protection commissioner", notably a proposal for an C$8.5m ($6.9m) a year reduction in water licence fees levied on Trail.

Cominco has a reputation as a tough negotiator willing to carry out its threats. It has said that, without a cut in the water tax, it may not go ahead with plans to overhaul the lead smelter at Trail, which was taken out of service shortly after it began operations in late 1989.

A Cominco spokesman added yesterday that the future of the lead smelter could not be separated from the rest of the complex, which is the world's largest producer of refined non-ferrous metals. He said that "we're not planning on shutting down Trail operations, but under the current tax regime, it's going to be very difficult to operate Trail. The ball is back in the government's court."

Cominco is also seeking a cut in municipal property taxes, rail tariffs and environmental clean-up charges.

Trail, which last year produced 242,000 tonnes of refined zinc, or about 5 per cent of western world production, and 87,000 tonnes of lead (nearly 2 per cent of western world output) has racked up operating losses of C$98m over the past two years.

According to estimates published by the government, the cost of rebuilding the lead smelter will run as high as C$200m. Other parts of the Trail operation require capital spending of up to C$325m over the next five years.

An official in the province's economic development department said yesterday that "we're going to do everything we can" to ensure that Trail remains open.

But the government is concerned that a cut in water rentals might be perceived as an unfair subsidy by Canada's trading partners, resulting in countervailing duties such as those recently imposed by the US against Canadian softwood timber and magnesium exports.

As an alternative, the province has proposed a "commercial arrangement", under which it would buy a portion of the power generated by hydro-electric dams owned by Cominco. Proceeds from the sale of this power would be used to help finance future capital investment at Trail.

Mr Robert Hallbauer, Cominco's chief executive, has been at the forefront of recent criticism of the investment climate for mining companies in Canada.

He warned in his last annual report to shareholders that unless the authorities address the industry's concerns: "Canadian companies will accelerate the already significant investment in exploration and mine development in other countries."

Wheat sales renew anger at subsidy wars

David Dodwell, World Trade Editor, examines the reaction to the widening of the EEP

United States trade officials have justified President Bush's decision to dump 29m tonnes of subsidised wheat on world markets in the coming year as "a crucial tool" in forcing the European Community to the bargaining table in the Uruguay Round of talks on world trade liberalisation.

If there is a grain of truth in this, then that is about the limit of it. Cynics will argue that the planned sale, announced during an election campaign rally for mid-western farmers at the start of the month, has more to do with winning votes than squeezing the EC.

In any case the real victims are likely to be wheat exporters in Canada, Australia and the developing world, where governments cannot afford to join the US and the EC in their profligate export subsidy regimes.

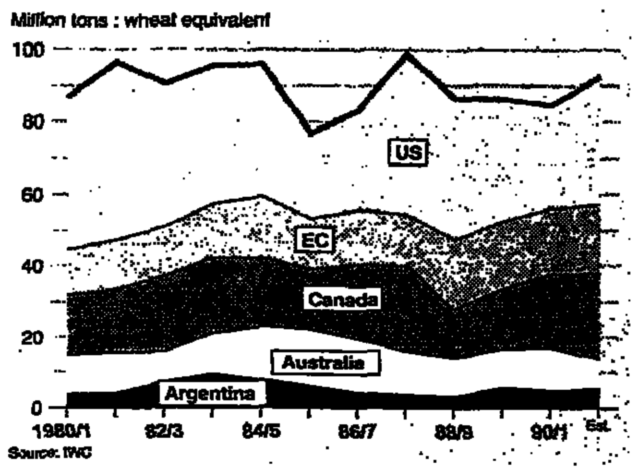
The US and EC subsidy regimes, which cost them $34.7bn and $83.6bn respectively in 1991, have made them the world's leading farm exporters – but at terrible cost to their competitors. World commodity prices fell for the third consecutive year in 1991, to hit an all-time low, as high levels of production from subsidised EC and US farmers created surpluses that have had to be dumped on world markets.

Out of total wheat exports of 103m tonnes in 1991-92, the US accounted for 33.5m and the EC for 23.5m – most sold at world prices 25 per cent below the price guaranteed to farmers at home.

Throughout this week, Mr John Kerin, Australia's Trade minister, is in Washington lambasting US officials over what Australians see as US perfidy on wheat exports. His government has already drafted a note to the Council of the General Agreement on Tariffs and Trade (Gatt) in Geneva calling for collective action against the US. It has been signed by Canada, Brazil, Argentina and Venezuela.

In recent weeks, angry Australian newspapers have branded the US as "public enemy number one" – an honour historically reserved for the EC, whose farm dumping policies in recent years have played a lead role in depressing world wheat prices, and forcing non-subsidised exporters to seek new and marginal markets.

Wheat and wheat flour exports



Source: IWC

The US administration has so far been unrepentant about the subsidised wheat offer, which provides for subsidies of up to $1bn in the fiscal year to July 1993. The programme is an extension of the Export Enhancement Programme (EEP), which has been in place since 1985. It adds a total of 28 new target markets to those already receiving EEP grain. These range from Pakistan and South Africa to Brazil and South Korea.

Mr Stephen Censky, acting administrator of the US Department of Agriculture's Foreign Agricultural Service, accepts the non-subsidising wheat exporters are likely to get hurt in the crossfire between the EC and the US: "Any time countries are competing against subsidised prices on the world market, that is going to have a price lowering effect," he said in Canberra last week. "We try to limit that, but there is a negative effect on world prices."

The US insists that it will try to limit damage by targeting EC markets, by limiting the size of sales in any one market, and by winning assurances from purchasers that they will not reduce imports from non-subsidised suppliers such as Australia, Canada or Argentina.

In Australia, these claims have been greeted with derision, however. After four major infringements by the US into Kuwait, Yemen, China and Pakistan – all important markets for Australian wheat where the EC is a marginal or non-existent exporter – Canberra now feels it was duped by the US into previously reserving blame for the EC.

Australian wheat export earnings have fallen from a peak of A$2.56bn ($1.85bn) in 1989 to A$1.58bn last year – a decline aggravated by drought in eastern Australia.

In Canada, the world's leading wheat exporter after the US and the EC, damage has taken the form of lower prices and heavier spending on promotion. The recent expansion of the EEP brings 95 per cent of Canada's markets within the ambit of US subsidies.

As income from wheat sales has fallen, so the Canadian Wheat Board, which oversees all of the country's wheat exports, has reported a deficit for 1990/91 of C$673m ($547m) – only the third shortfall in its 49-year history.

Canadians also pour scorn on US claims that the extended EEP is targeted at EC markets. For example it includes Brazil and South Korea, which have become significant markets for Canadian wheat, but which buy little grain from the EC.

The Canadian Wheat Board has been forced to probe painstakingly for new markets that are unaffected by the subsidy war – aided by the fact that the quality of their wheat is second to none. As a result, they have edged their way into markets such as Japan, the UK, Italy, Belgium and the Netherlands.

Argentina, among the world's lowest-cost farming nations, has lost three key export markets through the subsidies war, the government claims. The CIS, China and Egypt all used to import wheat from Argentina, but today import none, according to first half trade export figures from the agriculture department.

Mr Alieto Guadagni, international economic relations secretary, said farm subsidies now cost Argentina $1.2bn-$1.5bn a year in lost export revenues. The impact of subsidies on Argentina's exports is clear: wheat exports peaked in 1983 at 10.2m tonnes, with record revenues of $1.47bn. By 1988 they had fallen to 3.7m tonnes, worth $361m. Exports now hover at around half the 1983 level, with revenues running at one-third of the 1983 record. Argentina forecasts exports of 5.7m tonnes in the current 1991-92 harvest, up 21 per cent on the previous year. However, it projects exports of just 5m tonnes in 1992-93.

By targeting Brazil, Argentina's biggest wheat market, accounting for about a quarter of exports, for 500,000 tonnes of subsidised wheat under the EEP initiative, the US is expected to dent export prices by at least 10 per cent, according to Argentina's agriculture department. This would lead to a loss of $45m in export revenue.

The agriculture department is also sceptical about US claims that its cheap exports are aimed at damaging the EC. Buenos Aires says the EC has not targeted Brazil, which has already bought 1.3m tonnes of Argentine wheat in 1991-92.

Furthermore, the new EEP programme aims to sell 3.1m tonnes of subsidised wheat to Bangladesh, Jordan, Sri Lanka, Brazil, South Africa and Venezuela – six countries which together imported 1.6m tonnes of wheat from Argentina in 1991-92. Although Argentina's Menem administration has stabilised the economy through market-based policies and is privatising infrastructure, farmers complain that low international prices plus high production costs and punitive interest rates are driving many of them into bankruptcy.

The government says there are 200,000 small family farms that are no longer viable units and face the threat of being bought out by larger, more capital-intensive farmers – a plight faced by small farmers in many other developing countries as a result of depressed commodity prices.

Unhappily, these countries have found themselves as impotent in the face of US and EC wheat dumping as Australia, which, apart from "strong protests", has murmured implausibly about reviews of air traffic rights and closure of US naval bases in Australia.

Nor is the completion of the Uruguay Round likely to bring relief: cuts in EC farm subsidies appear unlikely to have any significant impact on world prices for many years to come, and in the meanwhile the US is likely to be unrelenting in its tit-for-tat subsidy war. As always, when elephants fight, it is the grass that gets crushed.

With contributions from John Barham in Buenos Aires, Bernard Simon in Toronto and Emilia Tagaza in Canberra.

Coffee falls despite ICO optimism

By David Blackwell

WORLD COFFEE markets fell back yesterday after rising this week as optimism emerged over progress at talks on a new international coffee agreement.

Sentiment was dampened by remarks made in Washington by Mr Lewis Preston, president of the World Bank. He told the Reuters news agency that he was sceptical that an agreement would succeed in reviving the coffee market, which had suffered a sharp decline in prices mainly because of a fundamental imbalance between supply and demand.

In London the November robusta coffee contract closed at $797 a tonne, down $16 on the day, as profit taking emerged. Earlier this week the contract touched a recent high of $826 a tonne. In late trading in New York yesterday the nearby contract was down 0.70 at 56.10 cents a lb. At these levels, coffee prices are about half what they were when the international coffee agreement collapsed in July 1989.

Delegates at the International Coffee Organisation headquarters in London this week appear to have made some headway with their negotiations. They have agreed on the definition of "universal quota", under which exporting members will send their coffee to all destinations "without distinction between importing member and non-member countries".

There also seems to be an admission by producers that they will have to bear most of the burden of regulating an export quota system.

However, traders and analysts have yet to be convinced that further progress will be made before the talks end next Friday. "What's coming out of the ICO is very positive, but it's still very difficult to see how they can come up with an agreement. They are making progress, but there are still huge stumbling blocks," said one trader yesterday.

NZ wool production to drop 7%

WOOL production in New Zealand is expected to fall by at least 7 per cent this season to 205,420 clean tonnes, the New Zealand Wool Board said, Reuter reports from Wellington.

"The expected fall will result mainly from poor seasonal conditions, which are expected to reduce wool production per head by 5.2 per cent," the board said in a statement. A fall in sheep numbers will also contribute to the drop.

Shorn wool is expected to be down by 5.2 per cent, while slipe wool will be down by 17.3 per cent. The statistics were calculated by the board's economic service which said they may be on the high side.

"The way things have been lately, with the atrocious winter conditions and stock losses, plus a slow wet start to spring, I believe we may see an even greater fall in wool production," board chief executive Grant Sinclair said.

"Supplies of wool at auction could be very tight during the season," he said.

Production falls are expected to be the greater in the South Island, with a 9.7 per cent drop, compared with a 3.5 per cent drop in the North Island.

The wool season runs from July 1 to June 30.

Venezuela to stay in Opec

By Joseph Mann in Caracas

ECUADOR'S recent decision to withdraw as a full member of Opec and seek associate member status will have no effect on Venezuela's policy toward the organisation, said Mr Alirio Parra, Minister of Energy and Mines.

Despite private sector calls for Venezuela to pull out of Opec, the government of President Carlos Andres Perez has rejected the notion and the president himself is a strong advocate of Opec unity.

Jamaica aims to boost alumina output by 50%

By Canute James in Kingston

IN SPITE of the weak state of the aluminium market, bauxite refiners in Jamaica are expanding their refining capacity to lift the island's alumina output by about 50 per cent by 1997.

The industry is using all its current installed refining capacity of 3m tonnes a year, and according to Mr Carlton Davis, executive chairman of the Jamaica Bauxite Institute, growth will be constrained until the plants are expanded.

Alumina Partners of Jamaica, the island's largest refiner, will lift capacity from the current 1.2m tonnes a year to 1.5m tonnes by the middle of next year. Mr Davis said a second phase of expansion will see an increase to 2m tonnes a year.

The company, owned by Kaiser Aluminum of the United States and Hydro Aluminum of Norway, is spending $180m on the first phase of the program.

Jamalco, a refinery jointly owned by the Jamaican government and the Aluminum Company of America, is boosting capacity from 800,000 tonnes a year to 1m tonnes at a cost of $60m, Mr Davis said. The plant's rated capacity will later be increased to 1.5m tonnes a year.

Two refineries owned by Alcan of Canada are also being upgraded to lift total alumina output by 200,000 tonnes a year to 1.2m tonnes.

Industry sources say the companies are not deterred by the weak state of the aluminium market. "This is a market which has always been cyclic and will rebound," said an industry spokesman. "The hope is that the added capacity will be in place when there is an increase in demand."

The state of the market, however, is depressing the earnings from the industry for Jamaica, the world's third largest producer of bauxite ore after Australia and New Guinea.

Mr Davis says the island's earnings from the industry this year will be about $625m. Earnings have declined steadily from $700m in 1991 and $725 in 1992 as aluminium prices have fallen.

The Bauxite Institute is projecting Jamaica's mine and refinery output for this year at the same levels as 1991 - 11.5m tonnes of bauxite and 3m tonnes of alumina.

WORLD COMMODITIES PRICES

MARKET REPORT

ZINC moved into backwardation again on the LME in an otherwise routine trading day for the base metals. Dealers said cash zinc closed $9.50 ahead of three-month metal, compared with a discount of $5 on Wednesday. Although fears of an October squeeze have faded, the market will remain susceptible to pockets of technical tightness. **COPPER** closed steady. Chinese buying in the morning aided sentiment, and dips towards $2,380 for three-month metal are likely to encounter support. After the close, news emerged that Peru's Tintaya copper mine unions have voted to strike by 1 October. Three-month **TIN** prices continued to drift downwards towards the $6,500 a tonne chart objective. London **COCOA** remained under pressure from talk of Ivorian selling. "With the calmer tone in the currency markets we're finding the cocoa fundamentals are playing their part again," one dealer said. New York **COTTON** futures were sharply lower at midday. One analyst said the bears continued to be in charge. "The fact that there is excess cotton in mainland China, and the uncertainty as to what they are going to do with it, is hanging heavily over the world market."

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)(Oct)		+ or -
Dubai	$18.65-8.70z	+.050
Brent Blend (dated)	$20.35-0.50	-.025
Brent Blend (Nov)	$20.55-0.60	
W.T.I. (1 pm est)	$21.80-1.85z	-.100
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$217-219	-0.5
Gas Oil	$193-194	+1.0
Heavy Fuel Oil	$92-96	+2.0
Naphtha	$190-192	+1.0
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$348.35	
Silver (per troy oz)♣	382.5c	
Platinum (per troy oz)	$388.25	+3.05
Palladium (per troy oz)	$92.25	+1.25
Copper (US Producer)	112.0c	
Lead (US Producer)	40.1c	
Tin (Kuala Lumpur market)	16.30r	-0.19
Tin (New York)	300.50c	-3.0
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	108.80p	-0.83*
Sheep (live weight)†♣	69.23p	-1.90*
Pigs (live weight)†	78.73p	-2.72*
London daily sugar (raw)	$227.5w	+0.9
London daily sugar (white)	$262.0w	+3.0
Tate and Lyle export price	£241.0	-1.5
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£137.0	
Wheat (US Dark Northern)	Unq	
Rubber (Oct)♥	57.00p	
Rubber (Nov)♥	57.00p	
Rubber (KL RSS No 1 Jul)	219.5m	
Coconut oil (Philippines)§	$505.0y	+5.0
Palm Oil (Malaysian)§	$380.0y	+5.0
Copra (Philippines)§	$322.5	+2.5
Soyabeans (US)	£148.0w	-2.0
Cotton "A" index	55.75	-0.85
Wooltops (64s Super)	410p	+2.0

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. t-Oct/Dec w-Sep/Oct y-Nov/Dec u-Oct. z-Nov. †Meat Commission average fatstock prices. * change from a week ago ♥London physical §CIF Rotterdam ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Oct	197.00	195.00	195.00
Dec	191.00	191.00	190.60
Mar	196.00	196.00	195.60
May	199.00	198.00	197.40
White	**Close**	**Previous**	**High/Low**
Dec	255.50	255.90	256.20 254.20
Mar	257.00	256.40	257.50 256.50
May	258.50	257.30	258.20 256.60
Aug	262.90	261.40	262.20 261.50
Oct	251.60	250.40	249.00

Turnover Raw 127 (352) lots of 50 tonnes. White 895 (1042) Paris- White (FFr per tonne): Dec 1300.69 Mar 1338.38

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Nov	20.56	20.65	20.66 20.52
Dec	20.59	20.63	20.62 20.53
Jan	20.52	20.54	20.54 20.49
Feb	20.38	20.39	20.40 20.37
Mar	20.25	20.27	20.25 20.23
Apr	20.13		20.13
IPE Index	20.52	20.41	20.52

Turnover 12000 (23486)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
Oct	191.25	190.25	192.50 190.25
Nov	194.25	194.25	196.25 193.75
Dec	196.75	196.50	198.00 196.00
Jan	197.25	196.50	197.75 196.25
Feb	193.75	193.00	194.50 193.25
Mar	186.75	186.50	187.50 186.75
Apr	182.00	182.00	183.00 182.00
May	179.50	179.00	179.50
Jun	178.75	178.00	179.75 179.00

Turnover 13160 (13218) lots of 100 tonnes

FRUIT & VEGETABLES
French William pears at 39-45p a lb (35-45p) are superb this week, along with English Worcester apples at 29-35p a lb (25-35p). Outspan oranges at 10-25p each (10-25p) and New Zealand kiwifruit at 16-20p each (16-20p) remain good fruit buys. Onions are abundant at 15-25p a lb (15-25p) and red salad onions are 35-45p a lb (35-50p). Green vegetables continue to be stable with cauliflower at 45-55p each (35-55p) and Savoy cabbage at 20-25p each (20-25p)

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Sep	632	650	637 629
Dec	648	660	656 643
Mar	677	687	685 672
May	696	705	700 691
Jul	713	724	718 712
Sep	730	737	734 729
Dec	756	764	760 754
Mar	784	793	788 782
May	802		807 803
Jul	820		823 820

Turnover: 3843 (3864) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Sep 23 760.69 (758.80) 10 day average for Sep 24 766.96 (771.17)

COFFEE – London FOX $/tonne

	Close	Previous	High/Low
Sep	782	800	790 783
Nov	798	813	811 795
Jan	806	820	819 806
Mar	818	827	826 815
May	816	828	823 815
Jul	821	833	825 821

Turnover:2604 (4274) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Sep 24: Comp. daily 48.88 (48.65) 15 day average 46.86 (46.71)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
Apr	65.0	62.0	64.5 63.0

Turnover 68 (251) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Oct	134.5	134.50	

Turnover - (425) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low
Sep	1048	1051	1048 1045
Oct	1102	1115	1110 1100
Nov	1125	1130	1130 1120
Jan	1158	1160	1160 1150
Apr	1210	1220	1215 1208
Jul	1080	1076	1840 1080
Oct	1275	1275	1275
Jan	1310		1310
BFI	1050	1054	1050

Turnover 523 (379)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low
Nov	119.30	119.10	19.70 19.30
Jan	122.40	122.35	22.90 22.40
Mar	125.30	125.45	25.60 25.30
May	128.75	128.60	29.00 28.75
Jun	130.50		30.50
Barley	**Close**	**Previous**	**High/Low**
Nov	116.40	116.10	116.60 116.40
Jan	120.30	120.00	120.50 116.40
Mar	123.40	123.00	123.40
May	126.00		126.00

Turnover: Wheat 721 (422), Barley 66 (310). Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Oct	104.5		104.0
Nov	104.5	105.0	104.5

Turnover:5 (17) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 30,912 lots
Cash	1285-6	1284-5		1287.5-8.5		
3 months	1288-9	1288-8.5	1296/1288	1291-1.5	1291-2	181,005 lots
Copper, Grade A (£ per tonne)						Total daily turnover 33,192 lots
Cash	1393-4	1384-5	1389/1388.5	1388-8.5		
3 months	1423.5-4	1415-6	1425/1417	1419-8.5	1419-21	154,868 lots
Lead (£ per tonne)						Total daily turnover 3,836 lots
Cash	348-9	353.5-4	350/349.5	349.5-5		
3 months	359-9.5	363-5	364/360	361.75-2	361-3	27,492 lots
Nickel ($ per tonne)						Total daily turnover 5,845 lots
Cash	6790-800	6810-20	6800	6800-5		
3 months	6867-8	6885-90	6875/6860	6870-5	6860-70	28,564 lots
Tin ($ per tonne)						Total daily turnover 2,458 lots
Cash	6495-505	6535-45		6485-90		
3 months	6555-65	6600-5	6590/6540	6530-40	6545-50	11,435 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 15,127 lots
Cash	1339-40	1320-1	1339/1330	1329-9.5		
3 months	1330-1	1325-6	1332/1322	1328-9	1326-7	63,981 lots

LME Closing £/$ rate: SPOT: 1.7085 3 months: 1.6852 6 months: 1.6667 9 months: 1.6491

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	348.20-348.50	
Opening	348.50-348.80	
Morning fix	348.90	204.214
Afternoon fix	348.25	203.798
Day's high	348.90-349.20	
Day's low	348.00-348.20	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	2.40	6 months	2.40
2 months	2.38	12 months	2.50
3 months	2.39		

Silver fix	p/troy oz	US cts equiv
Spot	222.75	382.00
3 months	227.65	385.00
6 months	232.25	388.10
12 months	241.05	394.95

GOLD COINS

	$ price	£ equivalent
Krugerrand	348.00-351.00	204.00-205.00
Maple leaf	358.65-360.95	-
New Sovereign	84.00-86.00	49.00-50.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Oct	Jan	Oct	Jan
1250	24	58	3	13
1300	3	29	30	33
1350	3	12	78	65
Copper (Grade A)	**Calls**		**Puts**	
2350	47	85	6	35
2400	17	58	25	57
2450	3	37	62	85
Coffee	**Nov**	**Jan**	**Nov**	**Jan**
700	89	113	1	7
750	56	74	8	18
800	25	44	27	38
Cocoa	**Dec**	**Mar**	**Dec**	**Mar**
625	40	74	17	22
650	26	59	28	32
675	17	46	44	44
Brent Crude	**Nov**	**Dec**	**Nov**	**Dec**
2000				21
2050	25	47	20	40
2100	8	28	51	68

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Sep	349.2	348.6	348.0	348.0
Oct	349.4	348.8	349.8	348.1
Nov	350.1	349.5	0	0
Dec	351.0	350.4	351.1	349.4
Feb	352.5	351.9	352.4	351.3
Apr	353.9	353.3	353.0	352.9
Jun	355.4	354.8	354.8	354.5
Aug	357.1	356.5	0	0
Oct	358.8	358.2	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Oct	373.7	365.8	375.0	367.0
Jan	368.7	361.7	370.0	362.0
Apr	368.7	360.2	365.0	360.5
Jul	366.7	360.2	367.0	365.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Sep	381.4	379.9	0	0
Oct	381.7	380.3	0	0
Nov	382.1	380.8	0	0
Dec	383.7	382.5	384.5	381.0
Jan	385.0	383.8	0	0
Mar	387.4	386.3	387.5	385.0
May	389.9	388.9	389.0	389.0
Jul	392.3	391.3	0	0
Sep	394.8	393.8	395.5	395.5
Dec	398.9	397.9	398.0	398.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	106.65	105.60	106.75	105.45
Oct	106.75	105.95	106.75	105.90
Nov	107.15	106.45	106.50	106.05
Dec	107.45	106.70	107.50	106.15
Jan	107.60	106.85	107.00	106.50
Feb	107.70	106.95	106.80	106.70
Mar	107.80	107.05	107.85	106.75
Apr	107.70	106.95	0	0
May	107.55	106.75	106.90	106.90
Jun	107.40	106.60	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	8.80	8.73	8.84	8.69
Mar	8.74	8.71	8.79	8.70
May	8.81	8.75	8.85	8.77
Jul	8.83	8.77	8.84	8.80
Oct	8.80	8.72	8.80	8.75

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Nov	21.80	22.00	21.97	21.85
Dec	21.85	21.93	21.91	21.81
Jan	21.77	21.83	21.79	21.73
Feb	21.63	21.69	21.66	21.58
Mar	21.51	21.56	21.51	21.46
Apr	21.40	21.43	21.41	21.37
May	21.27	21.30	21.27	21.27
Jun	21.16	21.18	21.16	21.14
Jul	21.08	21.09	21.06	21.05
Aug	21.00	21.00	0	0

HEATING OIL 42,000 US galls; cents/US galls

	Latest	Previous	High/Low	
Oct	63.80	63.96	64.00	63.45
Nov	64.40	64.59	64.55	64.05
Dec	65.10	65.11	65.25	64.80
Jan	65.40	65.37	65.50	65.10
Feb	64.35	64.36	64.45	64.15
Mar	61.85	61.91	62.00	61.70
Apr	59.75	59.81	59.85	59.55
May	58.30	58.31	58.25	58.10
Jun	57.30	57.31	57.30	57.25
Jul	57.10	57.01	57.30	56.95

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Dec	957	986	977	948
Mar	1010	1038	1025	1000
May	1042	1069	1057	1035
Jul	1068	1097	1086	1060
Sep	1099	1128	0	0
Dec	1130	1159	1150	1123
Mar	1169	1198	0	0
May	1194	1223	0	0
Jul	1231	1260	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Dec	56.05	56.80	56.45	55.45
Mar	57.25	58.05	57.65	56.80
May	60.50	61.50	60.75	59.65
Jul	61.65	62.75	62.25	61.25
Sep	62.30	63.75	63.25	62.30
Dec	64.50	66.05	65.25	65.25

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Oct	57.32	55.71	58.70	57.20
Dec	54.00	56.40	54.98	53.78
Mar	54.90	56.85	55.70	54.65
May	55.30	57.75	56.35	55.20
Jul	55.95	57.92	56.90	55.95
Oct	56.99	58.62	57.16	57.10

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Nov	113.60	113.25	113.90	112.85
Jan	113.25	113.15	114.00	112.90
Mar	113.95	113.65	114.75	113.10
May	115.40	114.65	114.25	114.25
Jul	114.90	114.15	114.25	114.25
Sep	114.90	114.15	0	0
Nov	114.90	114.15	0	0
Jan	114.90	114.15	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Sep 24	Sep 23	mnth ago	yr ago
1577.2	1584.0	1517.3	1851.7

DOW JONES (Base: Dec. 31 1974 = 100)

	Sep 23	Sep 22	mnth ago	yr ago
Spot	117.48	118.13	116.26	118.14
Futures	115.21	115.76	115.55	124.58

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Nov	543/2	538/4	547/0	539/6
Jan	549/6	544/6	553/6	546/0
Mar	556/6	551/6	560/0	552/6
May	563/6	558/6	567/4	560/2
Jul	570/4	565/2	574/0	567/0
Aug	571/4	567/2	573/4	569/6
Sep	569/0	563/6	570/0	568/4
Nov	573/6	572/4	576/4	573/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Oct	18.98	18.61	19.27	18.78
Dec	19.31	18.88	19.58	18.98
Jan	19.48	19.04	19.70	19.23
Mar	19.72	19.29	19.98	19.45
May	19.96	19.55	20.20	19.65
Jul	20.21	19.79	20.40	20.00
Aug	20.32	19.91	20.50	20.10
Sep	20.42	20.04	0	0

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Oct	184.8	184.6	185.5	183.9
Dec	185.1	184.6	186.2	184.0
Jan	185.4	184.7	186.2	184.6
Mar	185.8	184.9	186.4	184.6
May	185.7	185.1	186.5	185.0
Jul	186.7	187.0	187.5	186.6
Aug	187.5	187.5	188.0	187.5
Sep	188.0	188.0	188.5	188.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Dec	215/2	213/0	216/6	213/4
Mar	224/0	222/0	225/2	222/0
May	230/2	228/2	231/4	228/2
Jul	234/6	233/0	236/0	232/6
Sep	235/4	234/2	235/6	234/0
Dec	239/2	237/4	239/2	237/0
Mar	245/0	244/2	245/0	244/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Dec	341/6	336/4	342/0	337/4
Mar	342/6	338/6	343/0	338/4
May	335/0	333/2	335/4	333/0
Jul	314/4	312/2	315/0	310/0
Sep	319/0	318/4	319/0	316/4
Dec	331/0	329/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	75.375	76.175	75.400	75.100
Dec	73.175	73.025	73.250	72.800
Feb	71.575	71.525	71.650	71.375
Apr	72.800	72.750	72.800	72.550
Jun	69.700	69.775	69.750	69.600
Aug	68.475	68.500	68.825	68.400
Oct	68.525	68.500	68.550	68.525

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Oct	41.200	40.700	41.350	40.800
Dec	41.575	41.450	41.825	41.400
Feb	40.575	40.350	40.775	40.350
Apr	38.775	38.700	38.950	38.650
Jun	44.200	44.200	44.450	44.150
Jul	44.100	44.150	44.300	44.100
Aug	42.875	42.825	43.150	42.800
Oct	40.300	40.250	40.300	40.300

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	38.125	38.825	38.475	38.900
Mar	39.050	38.825	39.400	38.900
May	40.475	40.250	40.775	40.300
Jul	40.900	40.600	40.900	40.750
Aug	39.250	39.225	39.250	0

هكذا من الأصل

LONDON STOCK EXCHANGE

Equities extend gains in late trade

By Terry Byland, UK Stock Market Editor

FAVOURABLE reports of the speech by Mr John Major, the UK prime minister, to the House of Commons yesterday encouraged the London stock market, which was already benefiting from the calmer performance by the French currency. Led forward by the stock index futures, the FT-SE Index extended its earlier gain to finish 40.7 points ahead at 2,621.2.

The first accounts of the parliamentary debate on the UK economy reached the City of London only towards the close of the stock market trading session. The rejection by the prime minister of the likelihood of early British re-entry into the ERM system reinforced the market's confidence that domestic interest rates can be further reduced before the end of the year. The Footsie added a further 10 points to close at the day's best levels.

The heavy support operation for the French franc fuelled a new round of speculation that the Bundesbank might yet agree to cut German interest rates. This sustained the support for interest-orientated stocks in London, inspiring further sharp gains in the leading store and retail issues.

The US dollar rallied against the pound towards the close of trading, putting renewed support behind the overseas earning stocks. With Wall Street ahead by 11.62 Dow points in UK trading hours, some of London's nervousness ahead of the US presidential election was relieved.

Account Dealing Dates		
*First Dealings:		
Sep 7	Sep 21	Oct 5
Option Declarations:		
Sep 17	Oct 1	Oct 15
Last Dealings:		
Sep 18	Oct 2	Oct 16
Account Day:		
Sep 28	Oct 12	Oct 26

*New time dealings may take place from 8.30 am two business days earlier.

Although the influence of the poor trading results from Britrish Aerospace continued to overhang the engineering and aerospace sectors, the broad range of the company reporting list was in better shape yesterday. In particular, good results from United Newspapers provided a boost for advertising-related and consumer issues.

Trading volume died away a little in early deals as the stock market waited to see how currency markets would deal with the continued activity surrounding the French currency. Business in equities improved as currencies settled down, however, and the day's Seaq total reached 671.2m shares compared with 735.4m in the previous session.

Wednesday's retail or customer business was worth £1.4bn, the sixth consective day of £1bn plus retail volume, bringing to £11.7bn the total of retail business in UK equities since Britain's withdrawal from the ERM set the stock market's pulse racing – and underlining the presence of the big institutions.

The strategy team at Smith New Court commented yesterday that the UK government "has been forced into a policy change that is very good for the stock market," and that the combination of a cheap market, low inflation and falling interest rates will be an explosive combination for equities.

Nick Knight at Nomura, reaffirming his updated Footsie year-end forecasts of 3,000 this year and 3,500 for 1993, said that takeover bids could now re-emerge significantly in the London market. He added that, with the bond/equity yield ratio back to around 1.9, the need on the part of fund managers to sell equities has largely evaporated.

FINANCIAL TIMES STOCK INDICES

	Sept 24	Sept 23	Sept 22	Sept 21	Sept 18	Year Ago	1992 High	1992 Low	Since Compilation High	Since Compilation Low
Government Secs	89.78	89.77	89.31	89.20	89.74	87.32	90.11 (14/9)	85.11 (1/4)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	104.50	104.43	104.08	104.60	105.21	97.00	106.46 (14/9)	97.15 (2/1)	106.35 (6/7/92)	50.53 (3/1/75)
Ordinary Share●	1936.7	1901.8	1910.1	1887.8	1885.2	2025.2	2149.7 (22/5)	1670.0 (1/9)	2149.7 (22/5/92)	49.4 (26/6/40)
Gold Mines	79.3	80.5	80.3	81.4	79.9	163.1	160.6 (10/1)	65.0 (10/9)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2621.2	2580.5	2586.0	2560.1	2567.0	2595.6	2737.6 (11/5)	2281.0 (25/8)	2737.6 (11/5/92)	986.9 (23/7/84)
FT-SE Eurotrack 200	1121.06	1117.50	1118.32	1114.23	1144.61	1169.39	1248.79 (11/5)	1029.56 (25/8)	1248.79 (11/5/92)	938.62 (16/1/91)
●Ord. Div. Yield	4.56	4.63	4.61	4.67	4.69	4.69				
●Earning Yld %(full)	6.65	6.75	6.72	6.81	6.84	7.52				
●P/E Ratio(Net)(☆)	19.06	18.77	18.85	18.60	18.53	16.58				
SEAQ Bargns 5.00pm	27,447	28,898	29,992	38,369	42,638	29,428				
Equity Turnover(£m)†	-	1388.2	1965.4	1835.7	2829.2	1116.67				
Equity Bargains†	-	32,879	34,051	43,589	48,570	30,411				
Shares Traded (ml)†	-	649.5	873.6	823.5	1166.3	452.8				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 17.87.

Ordinary Share Index, Hourly changes — Day's High 1938.7 — Day's Low 1907.5

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1910.4	1913.7	1924.5	1909.7	1918.7	1911.5	1912.0	1917.3	1931.8

FT-SE 100, Hourly changes — Day's High 2621.2 — Day's Low 2584.4

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2584.4	2587.9	2601.9	2587.6	2595.9	2589.1	2587.5	2593.8	2613.3

FT-SE Eurotrack 200, Hourly changes — Day's High 1125.12 — Day's Low 1114.53

Open	10.30 am	11 am	12 pm	1 pm	2 pm	3 pm
1124.84	1121.25	1119.25	1121.13	1123.82	1117.40	1121.18

GILT EDGED ACTIVITY

Indices*	Sept 23	Sept 22
Gilt Edged Bargains	266.6	236.3
5–Day average	205.1	177.2

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share Index: Tel 0891 123001. Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

Bear raid depresses brewer

VOLATILE trading in Allied-Lyons followed a rumour that the brewery group was about to issue a trading statement. The misleading talk appeared to originate in the options sector in early trading, but soon spilled over into the equity market.

The shares, which had opened at 647p, tumbled 33 at one stage, with other unreliable gossip resurrecting speculation about a rights issue. A downgrade by Hoare Govett, although merely bringing the broking house into line with the rest of the market, added to the negative sentiment.

However, the rumours quickly proved unfounded, with Allied denying any trading difficulties. Dealers said the shares, which had been sparkling performers in recent weeks, had been the subject of a bear raid. They later recovered to close at 638p, a fall of 9 on the day. Turnover was a hefty 5.8m.

Vickers upset

News of a substantial cut in the dividend as engineering group Vickers reported an expected poor set of interim figures caused a bumpy ride for the shares.

The company posted a loss of £4.1m, in line with market forecasts, but a worse than expected reduction in the dividend, from 3.7p to 0.5p. This sent the shares tumbling to an eight-year low of 60p and caused a backwardation – a situation in a fast market in which the bid price has temporarily become greater than the offer price.

Nerves were, however, steadied at the analysts meeting that followed the release of the results, with researchers particularly reassured by the prospect of subsidiary Rolls-Royce Motor Cars breaking even next year. This produced a sharp turnround in the stock which, also aided by the strength of the general market, jumped to 84p for a rise of 5 on the day after turnover of 2.4m.

Analysts downgraded their Vickers forecasts for the full year. Smith New Court, which remains cautious about the prospects for Rolls-Royce Motors Cars, changed its previous estimate of a £9m profit to a loss of £14m.

Half-time results from United Newspapers were well received, with revenue from the group's national newspapers being better than expected. There was also a lower interest charge helping to give an £8m boost to profits at £46.5m and a maintained dividend. Analysts are looking for full-year profits in the £95m to £105m region. The shares rose 16 to 425p in turnover of 1.9m.

Kleinwort Benson, the UK securities house, was heavily involved in the telecoms sector, recommending a switch out of BT and into Cable and Wireless and Vodafone. The Kleinwort stories, plus news that County NatWest had taken BT off its buy list and reduced dividend forecasts, prompted early weakness in the BT shares, which fell to 357p, but they ended a shade firmer on the day at 359½p. Turnover was 6.5m.

County cited continuing difficult volume trends and redundancy costs as being behind its profits downgrade for this year from £2.8bn to £2.7bn and for next year from £3.4bn to £3.28bn, but it expects BT to lift the dividend by 6 per cent to 15.25p this year and by 7 per cent to 16.3 per cent next year. C and W added 19 at 614p and Vodafone 3 at 328p.

Sustained strength by both classes of Securicor shares and Security Services, Securicor's associate, was said to have reflected optimism over the forthcoming battle for supremacy in the cellular phone business in the UK. Securicor "A", well supported all this week, climbed 9 to 554p.

Racal Electronics put on 2½ at 69½p, albeit in disappointingly low turnover of only 1.9m shares, while Racal Special-Ex firmed 3 to 145p on 630,000 traded and Chubb When Issued moved up 7 to 202p on turnover of 789,000.

Banks, regarded by analysts as one of the sectors most highly geared to reductions in interest rates, raced higher, although traders said gains had been exaggerated by a shortage of stock. Specialists also tended to play down what they said were rather wild stories of huge profits for the big international banks resulting from the recent turbulence in foreign exchange markets. National Westminster leapt 20 to 373p on turnover of 5.7m.

S.G. Warburg surged ahead in early trading – with one buyer said to have paid 550p – as the stock remained buoyed by market suggestions that the merchant bank, regarded by many as the UK's premier investment bank, could be the takeover target of one of the US banks. The stock ended the day 6 higher at 536p.

A merchant banking analyst said he discounted a full merger of S.G. Warburg on the basis that the goodwill write-off involved in such a deal would be very heavy and that the size of a potential deal – he said $1.5bn would not be an excessive valuation – would most likely put off even the largest predator. But the analyst did not rule out a co-operation deal. It was also suggested that Warburg's corporate finance and securities operations would do well from the suden upsurge of business in markets.

Insurance stocks maintained their strong performances, reflecting the beneficial effect on their balance sheets from the big gains in equities in recent sessions.

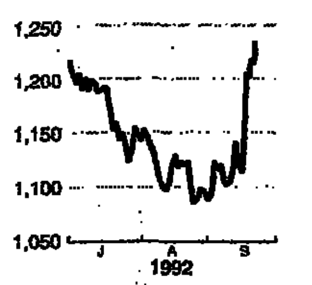
Of the composites, Royal Insurance continued to bound ahead as Tuesday's reduction in interest rates, and the increased prospects for further cuts in coming months, reduced the expected impact of domestic mortgage indemnity losses. Royal closed 13 higher at 184p. Sun Alliance, also heavily involved in the mortgage indemnity business, rose 7 to 303p.

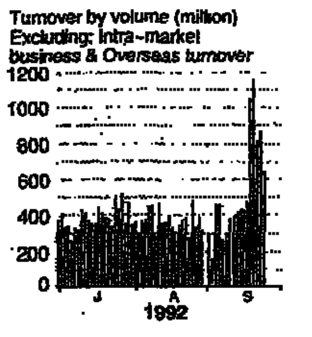
Dollar considerations helped some of the leading media and publishing stocks. Pearson appreciated 29 to 398p and Reed International 23 to 578p. Reuters gained 30 at 1248p, helped by a buy recommendation and upgrade from US house Merrill Lynch.

Strong support from Smith New Court helped Rank Organisation, which strengthened 32 to 569p in turnover of 3.8m. Thorn EMI, 29 ahead at 790, continued to benefit from buy advice from Hoare Govett and County NatWest.

Following news that its close season business had been better than expected, Airtours gained 9 to 232p. Owners Abroad rose 7¼ to 59½p.

MEPC continued to attract attention on the back of its recent prime letting, with some switching out of Land Securities, in a buoyant property sector. The latter moved ahead 11 to 395p, MEPC 21 to 273p and British Land 15 to 155p.





MARKET REPORTERS:
Joel Kibazo,
Steve Thompson,
Christopher Price.

■ Other market statistics, Page 21

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	1	405	-10
ASDA Group	6,500	30	
Abbey National	1,900	317	+7
Albert Fisher	580	38	
Allied-Lyons	5,800	638	-9
Amstrad	3,800	28	
Anglian Water	394	417	+10
Argos	4,700	248	
Argyll Group	4,000	337	+2
Arjo Wiggins	10,000	169	+2
Ass. Brit. Foods	1,000	419	+10
Ass. Brit. Ports	596	295	+10
BAA	777	707	+11
BAT Inds.	1,700	659½	+34½
BET	2,300	114	+4
BICC	486	285	+9
BOC	1,000	706	+4
BP	5,400	223½	+2½
BPB Inds.	2,800	162	+2
BT	6,500	359½	+½
BT New	6,100	256	
BTR	4,200	494	+14
Bank of Scotland	733	117	+2
Barclays	8,700	369	+18
Bass	3,300	590	-7
Berisford Intl.	59	13½	
Blue Circle	1,300	162	
Booker	1,300	391	-1
Boots	4,200	498	+10
Bowater	171	841	+12
Brit. Aerospace	18,000	126	+13
British Airways	2,500	293½	-1½
British Gas	8,000	245	+3
British Land	4,100	155	+15
British Steel	6,500	63½	-½
Bunzl	497	102	
Burmah Castrol	723	657	+10
Burton	13,000	41½	
Cable & Wire.	3,200	614	+19
Cadbury Schweppes	1,100	459	+7
Calor Group	339	185	+1
Carlton Comms.	1,000	652	+16
Coats Viyella	5,000	213	+10

	Volume 000's	Closing Price	Day's change
Comm. Union	2,300	519	+19
Cookson	5,200	163	+8
Courtaulds	1,300	521	+8
Dalgety	398	433	+6
De La Rue	499	642	+23
Dixons	2,900	226	+7
Eastern Elect.	604	353	+3
East Midland Elect.	631	370	+5
Eng China Clays	467	456	+22
Enterprise Oil	928	408	+2
Eurotunnel Units	21	410	+7
FKI	1,500	86	+2
Fisons	4,700	189	+3
Forte	2,700	151	+8
Gen. Accident	1,400	509	+3
General Elect.	8,900	241	+8
Glaxo	8,300	779	-18
Glynwed Intl.	573	325	+3
Granada	1,300	248	+1
Grand Met.	5,100	455	
GUS A	1,100	1633	+35
GRE	2,200	149	+1
GKN	1,000	392	-6
Guinness	3,800	566	+2
HSBC (75p shs)	6,300	410	+6
Hammerson 'A'	3,800	196	+6
Hanson	6,300	223¼	+7½
Hanson Warrants	2,100	30¼	+½
Harrisons Crosfield	5,100	143	+3
Hillsdown	8,500	71	+5
IMI	719	272	
ICI	2,900	1218	+27
Inchcape	2,700	497	+3
Kingfisher	2,500	551	+17
Kwik Save	161	686	+3
Ladbroke	2,500	188	+11
Land Securities	2,000	395	+11
Laporte	466	569	+5
Legal & General	1,300	367	+10
Lloyds Abbey	798	374	+16
Lloyds Bank	2,500	472	+14
LASMO	3,800	164½	+3½
London Elect.	708	372	-2

	Volume 000's	Closing Price	Day's change
Lonrho	340	73	+2
Lucas	2,500	96	+6
MB Caradon	1,300	270	-5
MEPC	1,700	273	+21
Manweb	303	415	+3
Marks & Spencer	2,900	336½	+13½
Midlands Elect.	582	394	+8
NFC	1,400	270	+13
NatWest Bank	5,400	373	+20
National Power	1,400	283½	+5½
Next	1,600	106	+5
North West Water	722	437	+7
Northern Elect.	278	394	-3
Northern Foods	1,800	279	+9
Norweb	843	403	+3
Pearson	799	398	+29
P & O	3,200	392	+17
Pilkington	2,700	93	+1
PowerGen	2,100	277	+5
Prudential	2,700	271	+9
RHM	1,300	164	+3½
RMC	211	465	-11
RTZ	2,000	642	+25
Racal	1,900	69½	+2½
Rank Org	3,800	569	+32
Reckitt & Colman	1,000	632	+10
Redland	1,300	388	
Reed Intl.	2,500	578	+23
Rentokil	843	187	+7
Reuters	835	1248	+30
Rolls Royce	6,300	136½	
Rothmans	1,000	639	+18
Ryl Bk Scotland	3,300	163	+2
Royal Insurance	2,100	184	+13
Saatchi	448	151	+1
Sainsbury	2,600	458	-2
Scottish & New	1,200	438	+15
Scot. Hydro-Elect.	2,300	201½	+3
Scottish Power	3,000	178½	+2
Sears	1,200	75½	+3½
Sedgwick	4,400	133	-2
Seeboard	733	386	+3
Severn Trent Water	1,900	401	+3

	Volume 000's	Closing Price	Day's change
Shell Transport	3,700	539	+8
Siebe	765	370	+11
Slough Ests	4,400	105	+7
Smith (W.H.) A	1,400	459	+19
Smith & Nephew	4,800	149	-2
Smith Beecham	5,400	494	-11
Smith Beecham Uts.	7,800	438	-15
Sebine Inds.	1,000	304	-4
Southern Elect.	1,300	371	-4
South Wales Elect.	479	431	+2
South West Water	328	423	+7
South West. Elect.	271	383	+8
Southern Water	307	405	+9
Standard Chartd.	153	482	+13
Storehouse	1,600	158	+1
Sun Alliance	3,700	303	+7
T&N	496	153	+1
TI Group	1,600	311	-6
TSB	3,000	133	+6½
Tarmac	5,000	80	+1
Tate & Lyle	3,300	380	+3
Taylor Woodrow	937	62	
Tesco	7,900	221	+7
Thames Water	1,100	426	+9
Thorn EMI	1,600	790	+29
Tomkins	1,300	252½	+8½
Trafalgar House	4,600	57½	+7½
Unigate	389	340	-10
Unilever	2,300	1046	+13
United Biscuits	2,200	310	+13
Utd. Newspapers	1,800	425	+16
Vodafone	3,200	328	+3
Warburg (SG)	375	536	+6
Wellcome	2,200	963	+8
Welsh Water	327	443	+9
Wessex Water	241	580	+11
Whitbread 'A'	2,700	465	+18
Williams Hldgs.	993	269	+13
Willis Corroon	1,600	186	-8
Wimpey	70	103	+2
Wolseley	701	373	+5
Yorkshire Elect.	315	422	+5
Yorkshire Water	2,300	451	+6

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

A SQUEEZE towards the close *enlivened an otherwise dull* session in the derivatives area, writes Joel Kibazo.

The December contract on the FT-SE opened 15 above Wednesday's close of 2,638, but the early strength soon faded, leaving the contract to drift lower for most of the session, with sentiment weakened by the dullness in the fixed interest rate markets.

By 3pm December had fallen to 2,628, which proved to be *the low of the day. The closing* of positions mostly by independent traders along with light buying by some institutions in the dying minutes of the session generated a squeeze, driving December forward and sending the underlying cash market higher. December closed at 2,683, up 45 on its previous close and around 32 points ahead of its fair value premium to cash of about 40. Turnover at 6,316 was thin.

Volume in the traded options saw an improvement on the last session reaching a total of 31,558 lots though turnover in the FT-SE 100 option fell to 7,351 contracts. Food retailers led the way among stock options. Tesco recorded a day's total of 2,046 contracts and was followed by Asda in which 1,735 lots were traded.

NEW HIGHS AND LOWS FOR 1992

NEW HIGHS (96).
BRITISH FUNDS (32) Ex. 9¾pc '98, Tr. 6¾pc '95-98, Tr. 15¼pc '98, Ex. 12pc '98, Tr. 9½pc '99, Ex. 12¼pc '99, Cv. 10¼pc '99, Cv. 9pc '00, Tr. 14pc '96-01, Tr. 2pc IL '96, Tr. 4⅝pc IL '98, Tr. 2½pc IL '01, Tr. 2½pc IL '03, Tr. 4⅜pc IL '04, Tr. 2pc IL '06, Tr. 2½pc IL '09, Tr. 2½pc IL '11, Tr. 2½pc IL '13, Tr. 2½pc IL '16, Tr. 2½pc IL '20, Tr. 2½pc IL '24, Tr. 4⅛pc IL '30, AMERICANS (9) Allegheny & Western, Gen. Host, Gillette, Hasbro, NYNEX, Pennzoil, Southwestern Bell, Varity, Woolworth, BANKS (3) Lloyds, Mitsubishi, NatWest, BREWERS (1) Taunton Cider, BLDG MATLS (1) St. Gobain, BUSINESS SERVS (4) Penna, Reliance Sec., Salvesen (C), Warner Howard, CHEMS (1) Doeflex, CONGLOMERATES (1) Bodycote, ELECTRONICS (2) Acorn Comp., TDS, ENG GEN (2) Rotork, Vosper, HEALTH & HSEHOLD (1) Hurstleigh, INSCE COMPOSITE (3) FBD, Gen. Accident, Hibernian, INV TRUSTS (19) Brazilian Wts., First Philippine, Do Wts., Fleng. Intl. High Zero Pf, GT Venture, Do Wts., Gartmore Amer. Secs. Zero Pf, Gen. Cons. Stppd. Pf, Henderson Eurotrust Uts., Independent, Malaysia Select, Rights & Issues, Robeco, Do Sub Shs., Rolinco, Do Sub Shs., Scot. Natl Zero Pf, Slam Fd., World Tst., MEDIA (3) Border TV, Independent, TVS Ent., Telegraph, Ulster TV, MISC (4) BAT Inds., Frost, JMO, Rothmans, OIL & GAS (1) Monument, OTHER FINCL (1) Prov. Financial, PROP (1) Waterglade, STORES (3) Boots, Next, Storehouse, TELE NETWORKS (2) Hawthorn Leslie, Securicor, TEXTS (1) Leeds, TRANSPORT (2) BAA, P & O 5½pc Prfd., MINES (1) Anglo-Dominion.
NEW LOWS (42).
BLDG MATLS (2) Br. Fittngs, Starmin, BUSINESS SERVS (2) BNB, Gardiner, Proudfoot, CONTG & CONSTRCN (2) BB & EA, Havelock Europa, ELECTRONICS (2) Nesco, Northamber, ENG GEN (3) Hay, Hopkinsons, Vickers, FOOD RETAILING (2) Cullen's, Geest, M & W, HEALTH & HSEHOLD (4) Crown Eyeglass, Hasmocell, Paterson Zochonis, Do N/V, HOTELS & LEIS (2) Resort, Wearwell, INSCE COMPOSITE (2) Baltica, Skandia, INV TRUSTS (2) Lloyds Smllr Co's Pckg. Uts., River Plate Wts., MEDIA (3) Anglia 9⅛ pc Pf, Allied Radio, Thames TV, MERCHANT BANKS (1) Brown Shipley, MTL & MTL FORMING (2) Ash & Lacy, Sycamore, MISC (1) Dudley Jenkins, MOTORS (2) Appleyard, Kwik-Fit, OIL & GAS (2) Brabant, Lasmo Ops., OTHER INDL MATLS (1) Wilshcroft, PROP (2) BDA, London Secs., TEXTS (2) Drummond, Martin (A), Smith.

FT-ACTUARIES SHARE INDICES

© The Financial Times Ltd 1992. Compiled by the Financial Times Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Thursday September 24 1992 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1992 to date	Wed Sep 23 Index No.	Tue Sep 22 Index No.	Mon Sep 21 Index No	Year ago (approx) Index No.
1 CAPITAL GOODS (175)	779.69	+1.7	7.47	5.63	17.25	26.19	766.34	778.22	769.63	855.24
2 Building Materials (23)	769.83	+0.7	6.84	7.14	20.28	30.02	764.14	766.48	756.10	1065.74
3 Contracting, Construction (27)	627.09	+0.6	4.04	8.07	82.46	29.27	623.29	612.27	597.15	1165.50
4 Electricals (9)	2192.08	+2.0	7.66	6.86	17.25	85.80	2149.22	2187.06	2146.34	2651.75
5 Electronics (27)	2034.81	+2.3	7.94	4.24	15.70	47.93	1988.65	2027.12	1999.24	1780.18
6 Engineering-Aerospace (6)	280.81	+1.2	12.84	8.31	9.88	13.53	277.39	314.39	313.62	381.88
7 Engineering-General (43)	471.47	+0.3	8.59	5.10	14.86	14.37	469.97	472.16	466.42	492.56
8 Metals and Metal Forming (7)	316.07	-0.5	5.50	6.92	26.45	7.52	317.73	324.97	323.13	464.96
9 Motors (14)	314.78	+0.2	8.42	7.50	15.63	14.69	314.27	326.75	324.15	360.72
10 Other Industrial Materials (19)	1813.03	+3.2	6.92	4.60	17.46	57.80	1756.28	1768.88	1754.44	1626.95
21 CONSUMER GROUP (191)	1628.71	+0.8	7.09	3.56	17.48	32.79	1615.32	1618.94	1610.39	1543.61
22 Brewers and Distillers (25)	2080.53	+0.2	8.01	3.54	15.05	41.39	2076.22	2013.29	2009.49	1926.83
25 Food Manufacturing (19)	1203.74	+1.7	8.90	4.39	13.89	28.04	1183.75	1184.20	1174.15	1224.01
26 Food Retailing (18)	2684.09	+0.6	9.23	3.43	14.05	48.07	2667.53	2682.22	2617.45	2500.11
27 Health and Household (25)	4134.10	-1.4	5.35	2.68	21.64	68.85	4194.56	4306.79	4340.99	3639.41
29 Hotels and Leisure (18)	1094.64	+3.9	7.36	6.26	17.76	38.53	1053.53	1055.19	1063.37	1340.07
30 Media (26)	1640.78	+2.8	6.02	3.21	20.71	32.89	1595.50	1604.12	1580.71	1589.24
31 Packaging, Paper & Printing (17)	737.26	+1.3	6.88	4.39	18.09	22.00	727.80	728.18	717.60	765.36
34 Stores (34)	1064.37	+2.8	6.68	3.53	19.96	18.84	1035.29	1035.02	1017.89	996.50
35 Textiles (9)	685.90	+2.3	6.87	4.47	18.31	16.42	670.21	662.97	660.32	631.67
40 OTHER GROUPS (117)	1305.19	+1.8	9.58	5.20	13.06	39.94	1282.35	1281.88	1269.91	1297.06
41 Business Services (17)	1366.14	+1.7	6.56	3.86	18.69	23.67	1343.68	1342.78	1346.95	1386.35
42 Chemicals (22)	1451.62	+1.3	6.76	5.00	18.38	48.13	1432.55	1431.85	1389.35	1457.68
43 Conglomerates (10)	1311.42	+2.9	8.79	8.39	14.56	38.55	1273.87	1289.02	1298.32	1553.01
44 Transport (14)	2500.07	+2.1	8.04	4.73	15.30	74.86	2449.85	2468.31	2438.91	2389.82
45 Electricity (16)	1362.49	+1.1	15.27	5.38	8.44	55.01	1347.53	1330.09	1347.77	1277.02
46 Telephone Networks (4)	1476.94	+0.8	10.23	4.47	12.74	46.15	1464.54	1471.97	1443.04	1565.28
47 Water (11)	2835.34	+1.8	15.80	6.10	7.01	86.85	2786.24	2742.89	2731.81	2436.65
48 Miscellaneous (23)	2233.69	+3.4	5.93	4.52	21.14	55.15	2159.78	2148.84	2125.95	1915.07
49 INDUSTRIAL GROUP (483)	1313.18	+1.3	7.97	4.45	15.71	33.98	1296.39	1301.17	1291.28	1297.83
51 Oil & Gas (17)	2045.13	+1.1	6.60	6.35	19.86	84.69	2023.58	2015.74	1988.88	2406.38
59 500 SHARE INDEX (500)	1382.37	+1.3	7.83	4.65	16.05	37.99	1365.01	1368.98	1357.78	1393.54
61 FINANCIAL GROUP (83)●	769.00	+2.6	-	5.74	-	29.00	749.29	742.77	726.42	830.47
62 Banks (9)●	1056.15	+3.0	4.93	5.27	30.44	39.95	1025.52	1020.47	998.76	966.87
65 Insurance (Life) (6)	1572.37	+2.6	-	5.78	-	66.22	1532.01	1525.83	1495.62	1580.22
66 Insurance (Composite) (7)	534.84	+2.5	-	5.62	-	16.37	521.83	511.31	496.54	632.00
67 Insurance (Brokers) (10)	683.82	-1.5	10.45	8.22	12.56	39.90	694.48	698.16	684.37	1155.87
68 Merchant Banks (7)	474.02	+0.6	-	4.68	-	13.08	471.26	461.85	450.55	482.77
69 Property (30)	554.82	+4.2	10.18	8.03	13.03	22.28	532.44	521.31	510.38	967.28
70 Other Financial (14)	243.74	+0.1	8.20	6.84	16.01	7.81	243.52	241.47	237.26	269.85
71 Investment Trusts (70)	1169.58	+0.9	-	3.84	-	26.39	1159.29	1148.84	1135.67	1255.31
99 ALL-SHARE INDEX (653)●	1234.41	+1.4	-	4.77	-	35.34	1216.92	1218.28	1206.06	1257.16

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Sep 23	Sep 22	Sep 21	Sep 18	Sep 17	Year ago
FT-SE 100 SHARE INDEX‡	2621.2	+40.7	2621.2	2584.4	2580.5	2586.0	2560.1	2567.0	2483.9	2595.6

FIXED INTEREST

PRICE INDICES	Thu Sep 24	Day's change %	Wed Sep 23	Accrued interest	xd adj. 1992 to date
British Government					
1 Up to 5 years (22)	125.01	-0.08	125.11	2.25	9.03
2 5-15 years (25)	139.30	+0.08	139.19	1.67	10.51
3 Over 15 years (8)	145.56	+0.16	145.32	1.19	9.97
4 Irredeemables (6)	164.02	+0.15	163.77	3.16	8.83
5 All stocks (61)	136.77	+0.04	136.71	1.85	10.11
Index-Linked					
6 Up to 5 years (2)	175.53	+0.28	175.04	0.38	3.25
7 Over 5 years (10)	155.66	+0.93	154.23	0.73	3.64
8 All stocks (12)	157.20	+0.83	155.90	0.68	3.56
9 Debs & Loans (62)	118.13	....	118.13	1.96	9.13

AVERAGE GROSS REDEMPTION YIELDS		Thu Sep 24	Wed Sep 23	Year ago (approx.)
British Government				
1 Low	5 years	7.94	7.96	8.60
2 Coupons	15 years	8.70	8.72	9.36
3 (0%-7¾%)	20 years	8.92	8.93	9.36
4 Medium	5 years	8.57	8.57	9.64
5 Coupons	15 years	9.15	9.16	9.51
6 (8%-10¾%)	20 years	9.24	9.26	9.46
7 High	5 years	8.87	8.87	9.84
8 Coupons	15 years	9.35	9.34	9.60
9 (11%-)	20 years	9.38	9.36	9.52
10 Irredeemables	†	9.38	9.39	9.55
Index-Linked				
11 Inflation rate 5%	Up to 5yrs.	3.61	3.69	3.87
12 Inflation rate 5%	Over 5 yrs.	4.21	4.27	4.23
13 Inflation rate 10%	Up to 5 yrs	2.82	2.90	3.25
14 Inflation rate 10%	Over 5 yrs.	4.02	4.08	4.05
15 Debs &	5 years	9.98	10.04	11.08
16 Loans	15 years	10.47	10.47	10.90
17	25 years	10.49	10.49	10.74

‡Opening index 2584.4; 9 am 2587.9; 10 am 2601.9; 11 am 2587.6; Noon 2595.9; 1 pm 2589.1; 2 pm 2587.5; 2.30 pm 2590.0; 3 pm 2593.8; 4.10 pm 2611.2; (a) 4.30pm (b) 8.30am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, 3rd Floor, Number One, Southwark Bridge, London SE1 9HL. ●The HSBC dividend is not subject to Advance Corporation Tax at 25%.

LONDON SHARE SERVICE

BRITISH FUNDS

[illegible]

BRITISH FUNDS - Cont.

[illegible]

BRITISH FUNDS - Cont.

[illegible]

OTHER FIXED INTEREST

[illegible]

ART GALLERIES

KUNSTMUSEUM AND KUNSTHALLE Basel/Switzerland: transForm Picture Object Sculpture in the 20th century 14.6. - 27.9.1992. Daily 10-17 h.

COMPANY NOTICES

LONDON NATIONAL TRUST
NOTICE is hereby given that Mr Roger Powdrill FCA of Touche Ross & Co, Friary Court, 65 Crutched Friars, London EC3N 2NP was appointed as Judicial Trustee of the London National Trust by Order of the High Court of Justice in England on the 1st February 1991.
ALL PERSONS holding Certificates of Guarantee issued by the LONDON NATIONAL TRUST who have not previously contacted the Judicial Trustee are requested immediately to contact him at the above address and no later than 21 days from the date hereof. All such persons must be prepared to produce on request their Certificates of Guarantee for inspection.
R A Powdrill, Judicial Trustee

CREDIT LYONNAIS USD 50,000,000.-
Undated Subordinated Step-Up Floating Rate Notes
Noteholders are hereby informed that the rate applicable for the second period of interest has been fixed at 4,175%.
The coupon N°2 will be payable at the price of USD 10.495,49 per USD 500 000 Note on March 24th, 1993 representing 181 days of interest, covering the period as from September 24th, 1992 to March 23rd, 1993.
The Agent Bank and the Principal Paying Agent
CREDIT LYONNAIS

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or -	1992 high	1992 low	Mkt Cap £m	Yld Gr's
Abbott Labs	h	17¼xd	-⅛	19⅛	14⅞	14,550	2.0
♥Allegheny & W		387p	+16	387p	226p	198.7	4.8
Amdahl		529p	-9	1159p	527p	688.9	1.1
Amer Cyanamid		33⅝	-⅛	37	28⅝	3,073	2.9
Amer Express		13¹⁄₁₆xd	—	19⅞	10¾	6,294	4.5
Amer T & T		25¹³⁄₁₆xd	—	29½	20⅝	34,494	3.0
Ameritech		38½	+⅛	39¼	32½	17,294	5.2
BankAmerica		25⅞xd	-¹⁵⁄₁₆	27⅛	19¹⁄₁₆	8,665	3.0
Bankers NY		38⅝xd	-1¾	37⅞	28⅞	3,035	4.5
Bell Atlantic		27¼	-¼	28⅛	23⅛	11,948	5.5
BellSouth		30	+⅛	32⅞	25	14,666	5.4
♥Bethlehem Steel		7xd	-⅛	9⅝	5¼	628.5	—
Bowater		1166pxd	-20	1579p	905p	421.1	6.0
CPC	h	28⁵⁄₁₆xd	-³⁄₁₆	28⅞	22⅛	4,288	2.5
♥Cadiz Land Inc		128p	—	342p	128p	—	—
Chase Manhattan		13xd	+⅛	16½	9⅛	1,064	5.4
Chrysler		13⅛xd	-⅝	13½	6⅛	3,874	2.6
Citicorp		9¹⁄₁₆xd	-¼	11⅛	5⅞	3,200	—
Colgate-Palm		33xd	-½	33½	25⅛	5,284	2.2
Cont'l Bank		981p	+18	1036p	499p	971.1	3.6
Dana		22¹³⁄₁₆xd	-¹¹⁄₁₆	24½	14¹⁄₁₆	1,051	4.1
Data General		612p	+27	1084p	384p	188.9	—
♥Decora Inds		116p	—	122p	66p	—	—
Dun & Brad		33⅛	—	33½	27⅝	5,964	4.0
Eaton		45⅛	-⅛	48½	32½	1,558	2.8
Echlin		11¹⁄₁₆xd	-³⁄₁₆	11¼	7⅝	665.8	3.5
FPL		21⅛xd	-⅛	21¼	17¹³⁄₁₆	3,815	6.7
Fluor		25⅛xd	-¹⁄₁₆	27	19¼	2,847	0.9
Ford Motor		23¹³⁄₁₆xd	-¹⁄₁₆	25⅛	15	11,508	2.5
Gen Elect		45⁵⁄₁₆xd	-⁵⁄₁₆	48⅛	36¼	38,924	3.0
♥General Host		584p	+8	584p	380p	—	3.7
Gillette		34¹⁄₁₆xd	+³⁄₁₆	34¹⁄₁₆	23½	7,472	1.2
Hasbro		19⅝	+¼	19⅝	12⅛	1,704	0.6
Honeywell		37½	-1⅛	43	32	2,618	2.8
Houston Inds		25⅝	—	25⅛	22	3,318	6.6
IBM		49⅞xd	-¼	54½	42⅞	28,038	5.8
Ingersoll-Rand		16¾	-³⁄₁₆	19⅜	12¾	1,743	2.4
Lockheed		27⅛	+⅜	27⅛	22⅛	1,664	4.6
Lowe's	h	1005p	-4	1273p	815½p	732.8	1.6
Merrill Lynch		38¹⁄₁₆xd	+¹⁄₁₆	39½	24⅛	3,135	2.3
Morgan (JP)		36⅛xd	-⅛	37½	28⅞	6,824	3.5
Morris (Philip)		50xd	-⅞	58⅞	37½	45,982	2.0
NYNEX		48¼	+⅛	48¼	39⅝	8,971	5.6
Pall		16¼	+⅛	17½	10⅞	1,469	1.3
Pennzoil		31⅝xd	+¹⁄₁₆	31⅝	23⅛	1,284	5.5
Quaker Oats		30⅛xd	-¹⁄₁₆	40⅞	28	2,718	3.1
Rockwell		14¹³⁄₁₆xd	—	15½	11½	3,328	3.6
Rep NY		24⅛xd	-¹⁄₁₆	26⅞	20⅞	1,268	2.4
Sears, Roebuck		24¹⁄₁₆xd	-¼	28	19¹⁄₁₆	8,299	4.9
Sthwestern Bell		38	+⅛	38	31⅛	11,408	4.5
Sun Co		14½xd	-⅛	18⅞	12⅛	1,538	7.4
Tenneco		21¹⁄₁₆xd	-¹⁄₁₆	25⅞	16½	2,887	4.5
Texaco		37⅛xd	-⅜	37½	30½	9,798	5.0
Time Warner	h	14¹³⁄₁₆xc	-½	15½	11½	5,537	1.1
♥Unisab		337p	—	587p	320p	313.0	—
♦URS Intl. 1c		0⅛p	—	1⅛p	0⅛p	2.71	—
US West		21⅞	+⅛	21⅞	18⅛	8,967	5.7
Varity		1280p	+17	1280p	632p	817.3	—
Waste Manage		20⅝xd	-¹³⁄₁₆	28	18¹⁄₁₆	10,229	1.5
Whirlpool		2258pxd	-46	2789p	1766p	1,577	2.8
♥Woolworth		18⅛	+¼	18⅞	13⅛	2,398	3.6

CANADIANS

	Notes	Price £	+ or -	1992 high	1992 low	Mkt Cap £m	Yld Gr's
♥Abbot Energy		1⅛p	—	2p	1⅛p	—	—
Amer Barrick		1619p	+3	1634p	1268p	2,668	0.6
Bk Montreal		21½	-⅛	23¼	19¼	2,615	4.7
Bk Nova Scot		1059p	-17	1179p	899p	2,176	4.7
♥BC Gas		727p	+2	870p	621p	—	3.9
BCE		21	-⅛	24½	18⅞	6,516	5.9
♥Brascan		806p	-20	857p	704p	714.2	5.7
♥Breakwater		17p	-½	33p	6p	10.8	27.9
Can Imp Bk		1330p	-20	1618p	1157p	1,470	4.7

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING - AEROSPACE

ENGINEERING - GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

Authorised by the Inland Revenue

INVESTMENT TRUSTS - Cont.

هكذا من الأصل

INVESTMENT TRUSTS - Cont.

MERCHANT BANKS

OIL & GAS - Cont.

PACKAGING, PAPER & PRINTING - Cont.

STORES - Cont.

MINES - Cont.

	Notes	Price	+or-	1992 high	1992 low	Mkt Cap£m	Yld Gr's	P/E
Greenwich Res		3	—	11	3	2.21	—	
Hemlo Gold C$		24½	—	£25½	£3¼	451.9	2.0	
Ivernia West IE		40	—	53	32	20.1	—	
Kells Minis IE		18	—	42	14	0.43	—	
Kenmare		3½	+¼	6½	2¼	3.38	—	
Malaga Res		18	+1	48	12	1.99	—	
Navan Res IE		25¼	+½	25	16	3.45	—	
North West Expl A$		3	—	6	2	1.81	—	
Oryx Gold		85	—	103	51	—	—	
Plateau		38	—	13	3	1.37	—	
RTZ		642xd	+25	668	469	6,439	4.0	
Vizcaya		1¼	—	3	1	0.84	—	
Western & Pac C$		21	+2	86	7	11.5	—	

TELEPHONE NETWORKS

TEXTILES

PROPERTY

METALS & METAL FORMING

MISCELLANEOUS

INVESTMENT COMPANIES

MEDIA

MOTORS

OIL & GAS

OTHER FINANCIAL

OTHER INDUSTRIAL MATERIALS

PACKAGING, PAPER & PRINTING

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ● Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield, p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
k Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.
v Not subject to ACT.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1990-91.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1991.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1991-92.
N Yield based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other official estimates for 1991.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion.

FT Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Ring +44 81-643 7181, quoting the code FT4935. Reports will be sent the next working day, subject to availability. Please quote the current code above, which is changed weekly. Only one report per company.

FT Cityline

Real time share prices and other stock market information is available through the FT Cityline international telephone service.
Annual subscription £250.00 stg.
Call +44 71-925 2128 for more details.

FT MANAGED FUNDS SERVICE

• Current Unit Trust prices are available from FT Cityline. For further details call (071) 825 2128.

AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Unit Trust Managers Limited (1000)F						
51 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783						
AIB Grofund American	5	128.7	130.0	136.9	-1.30	0.03
AIB Grofund Equity	5	180.3	182.6	193.2	-0.70	1.91
AIB Grofund Euro	5	137.0	139.0xd	146.3	-1.40	0.63
AIB Grofund Gilt	3	71.14	71.18xd	73.38	+0.19	6.09
AIB Grofund Japan	5	119.1	120.5	126.8	+0.20	0.00
AXA Equity & Law Unit Tst Mngrs (1200)H						
Equity & Law Hse, Corporation St, Coventry 0203 553231						
General Inc	5	359.5	362.0xd	385.2	...	3.34
General Acc	5	391.5	394.2xd	419.4	...	3.34
UK Growth Acc	6	265.3	269.8	287.1	+0.3	3.75
UK Growth Inc	6	193.3	196.7	209.3	+0.2	3.75
Higher Inc Acc	6	444.3	452.8	481.8	+2.8	5.35
Higher Inc Inc	6	280.3	285.7	304.0	+1.8	5.35
Gilts/Fxd Inc Acc	5½	157.9	158.5xd	166.9	+0.3	8.19
Gilts/Fxd Int Inc	5½	85.01	85.39xd	89.89	+0.16	8.19
Nth America	6	197.4	201.9	214.8	-3.1	0.00
Far East	6	210.0	210.0	223.4	-1.7	0.52
Europe	6	191.6	191.6xd	203.9	-1.1	0.88
Brit. Excell	6	54.22	54.22	57.68	+0.12	3.99
Brit Fndmtls Acc	6	68.45	68.45xd	72.82	+0.71	6.34
Brit Fndmtls Inc	6	53.73	53.73xd	57.16	+0.56	6.34
Global Opps	6	52.97	53.24	56.64	-0.53	0.44
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd, Bournemouth 0345 717373						
High Income						
Gilts & Fixed Int	6	121.0	121.0xd	128.4	+0.1	8.06
Britannia Life Unit Managers Ltd (1200)F						
190 West George St, Glasgow G2 2PA 041-332 3132						
Balanced Growth	6	78.83	79.89	85.45	-0.08	2.40
Do (Accum)	6	85.07	86.22	92.21	-0.05	2.40
Smaller Cos	6	59.45	59.45	63.59	+0.52	2.32
Do (Accum)	6	63.50	63.50	67.91	+0.55	2.32
Higher Yield	6	30.91	30.91	33.06	+0.09	5.26
Do (Accum)	6	41.30	41.30	44.17	+0.12	5.26
American Gth Inc	6	39.44	39.70xd	42.46	-0.71	0.33
Do (Accum)	6	40.19	40.45	43.26	-0.72	0.33
European Growth	6	84.51	84.51xd	90.39	-0.44	2.04
Do (Accum)	6	85.30	85.30	91.23	-0.44	2.04
Global Bond Inc	6	26.37	26.40	28.03	-0.28	5.87
Do (Accum)	6	31.59	31.64	33.98	-0.21	5.87
Managed P'folio Inc	6	26.43	26.54xd	28.38	-0.15	0.00
Do Accum	6	26.50	26.61	28.46	-0.15	0.00
Pacific Growth Accum	6	70.38	70.38	75.27	-1.36	1.13
Intl Spec Opps Accum	6	60.03	60.03	64.21	-0.16	0.77
Brown Shipley & Co Ltd (1000)F						
9-17 Perrymount Rd Haywards Hth 0444 412262						
Mngd P'folio Inc	6	71.21	71.21	75.84	+0.11	2.74
Mngd P'folio Acc	6	133.3	133.3	142.0	+0.20	-
UK General	6	118.8	118.8	126.5	+0.70	4.01
Conv & General	6	14.48	14.48xd	15.42	+0.11	10.01
European Inc	6	19.72	19.72xd	21.31	-0.28	0.53
European Acc	6	20.25	20.25	21.88	-0.30	-
Financial	6	86.75	86.75xd	92.39	+1.22	4.81
Foundation	6	57.41	59.33xd	63.19	-0.08	4.44
German	6	36.11	36.11	38.71	-0.50	0.10
Growth Inc †(5-1)	5	24.92	24.97	26.59	+0.22	3.48
Growth Acc †(5-1)	5	28.77	28.82	30.69	+0.25	-
High Income	6	56.30	57.08xd	61.08	+0.45	7.69
Income	6	98.93	101.2	108.3	+0.70	5.36
Intl Income	6	77.19	77.19	82.21	+0.24	5.86
Intl Growth ♣	6	26.32	26.32	28.03	-0.18	0.28
Monthly Income	6	53.56	55.48	59.09	+0.29	5.70
North American	6	79.70	79.70	84.88	-1.25	0.26
Orient ♣	6	83.42	83.42	89.80	-8.25	-
Recovery	6	25.33	25.90	27.54	...	4.29
Smaller Cos Acc	6	184.5	184.5	196.5	-0.30	-
Smaller Cos Inc	6	109.6	109.6	116.7	-0.20	1.97

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Murray Johnstone UT Mgmt (1000)H						
7 West Nile St, Glasgow G2 2PX 0345 090 933						
Acumen	1	71.25	71.25	73.15	+0.32	3.86
Acumen Reserve	1	71.68	71.68	72.41	+0.24	9.05
American Income	1	139.20	139.20xd	142.30	-2.20	2.95
Equity Income	1	76.88	76.88xd	79.20	+0.47	5.80
European	1	52.86	52.86xd	54.19	-0.03	1.92
Smaller Cos	1	46.10	46.10	48.29	+0.34	1.88
Olympiad	1	43.55	43.55xd	44.71	-0.11	1.67
Olympiad Income	1	43.18	43.18xd	44.36	-0.37	6.49
UK Growth	1	70.79	70.79	73.27	+0.40	2.16
Pacific Growth	1	53.52	53.52	55.32	-0.99	1.39
Japan Growth	1	67.10	67.10	68.51	+0.79	0.00
NFU Mutual Unit Mngrs Ltd (1400)F						
Admin 5 Rayleigh Road, Hutton, Brentwood, Essex						
Enquiries 0277 227300 Dealing 0277 261010						
Avon Equity	6	91.14	92.63	98.54	+0.26	3.65
NM Unit Trust Mngrs (1200)F						
The Bilton Centre, North Harbour, Portsmouth						
Enquiries: 0705 372222 Dealing: 0705 387730						
American ♥	5¼	34.50	34.50	36.80	-0.62	0.87
(Accum Units) ♥	5¼	37.47	37.47	39.96	-0.69	0.87
Australian ♥	5¼	205.20	205.20	220.10	-2.40	0.00
(Accum Units) ♥	5¼	232.00	232.00	248.90	-2.70	0.00
Conscience	5¼	51.62	51.62	55.09	-0.04	1.51
(Accum Units)	5¼	55.04	55.04	58.74	-0.04	1.51
European	5¼	150.30	150.30	160.30	-0.60	0.99
(Accum Units)	5¼	160.30	160.30	170.90	-0.80	0.99
Extra Income	5¼	62.98	62.98xd	67.21	+0.16	6.79
(Accum Units)	5¼	92.77	92.77	99.00	+0.22	6.79
Far East Gth Acc	5¼	110.70	110.70	138.30	...	0.00
Gilt & F.I.	5¼	53.94	53.94xd	57.11	+0.02	8.07
(Accum Units)	5¼	123.80	123.80	131.00	+0.10	8.07
Gold ♥	5¼	27.50	27.50	29.56	-0.53	0.00
(Accum Units) ♥	5¼	29.61	29.61	31.83	-0.58	0.00
Income	5¼	43.54	43.54	46.44	+0.10	6.14
(Accum Units)	5¼	127.50	127.50	136.00	+0.40	6.14
Intnl	5¼	23.77	23.77	25.90	-0.19	0.98
(Accum Units)	5¼	33.98	33.98	36.45	-0.27	0.98
Jap Smaller Cos	5¼	212.50	212.50	226.60	-0.30	0.00
MGM Unit Managers Ltd (1000)F						
MGM House, Heene Rd, Worthing						
Dealing: 0277 261010 Enq: 0903 204631						
High Income	5	225.3	228.2	242.7	+1.2	6.81
(Accum Units)	5	373.8	378.6	402.7	+2.0	6.81
UK Growth	5	287.1	289.5	307.9	+0.4	3.81
(Accum Units)	5	351.6	354.5	377.1	+0.5	3.81
Int Equity Gth ♣	5	49.72	49.89	53.07	-0.19	1.11
Intl Bond	5	58.97	58.97	61.94	-0.47	6.64
Special Sits Gwth	5	14.30	14.78xd	15.72	+0.11	4.09
North American Gwth	5	73.85	74.07xd	78.79	-1.21	0.96
European Growth ♣	6	52.95	53.24	56.63	-0.25	1.88

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♠) - 1101 to 1400 hours; (♣) - 1401 to 1700 hours; (♦) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH
Tel: 071 – 379 – 0444.

هكذا عن الأصل

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

Shaw (Albert E.) & Co (1000)F

Sheppards Unit Trust Mngmt Ltd (1200)F

Whittingdale Unit Tst Mgmt Ltd (0830)F

Woolwich Unit Trust Managers Ltd (1700)H

OTHER UK UNIT TRUSTS

INSURANCES

AEGON Life Assurance Co (UK) Ltd

Cannon Assurance Ltd – Contd.

Crown Financial Management Ltd – Contd.

Guardian Royal Exchange – Contd.

Legal & General – Contd.

Midland Life Limited

Continued on next page

FT MANAGED FUNDS SERVICE

• Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

Prolific Life & Pensions Ltd

Stramongate, Kendal, Cumbria LA9 4UB 0539 733733

Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Balanced Grth Mngd	580 1	617 2	-1 6	-
Adventurous Mngd	135 8	144 5	-1 3	-
Cautious Mngd	112 3	119 5	-0 1	-
Cash Fd	310 3	327 0		-
Property Fund	215 9	229.7		-
Equity Fund	653 2	694.9	-4 2	-
Fxd. Int. Fund	366 8	386 6	+3 2	-
International	295 3	314 2	-2 4	-
High Income	510.2	542.8	-0.5	-
Far East	386 6	411 3	-3 8	-
North American	343 8	365 8	-5.2	-
Special Sits	479 1	509 7	+0.3	-
Technology	338 9	360 6	-2.8	-
Extra Inc Fd	277 5	295.3	-0 6	-
Convertible & Gilt Fd	132.6	141.1	...	-
American Income	151.2	160.9	-2.2	-
Gilt Fund 20	411 6	437 9	+2.2	-
European Fund	109 1	116.1	-1.4	-
Pref & Fixed Int.	99 8	106 2	+0 1	-
UK Blue Chip	104 4	110.1	-0.2	-
Recovery Fund	98.0	103.3	.....	-
Equity Income Dist.	93 0	99.0	-0.2	4 99
Managed Dist.	89 6	95 4	+0 4	5.29
High Yield Dist.	95 0	100 2	-1.9	8 36
Pension Funds				
Balncd Gth Mngd Pens Acc.	658 2	692 9	+0.3	-
Adventurous Mngd Pens Acc	137 4	144 7	-1.2	-
Cautious Mngd Pens Acc	127 8	134 6	-0 1	-
Building Soc. Acc	355 8	374 6	..	-
Property Pens. Acc.	292 9	308.4	..	-
Fix. Int. Pens. Acc	574 0	604.3	+4 4	-
Equity Pens. Acc.	810 7	853 4	-2.9	-
International Pens Acc.	268 7	282 9	-2.5	-
High Inc Pens Acc.	564.8	594 6	+3.6	-
Tech Pens Acc.	231.1	243.3	-2.2	-
N American Pens Acc.	252 2	265 5	-4.1	-
Far Eastern Pens Acc.	379 8	399 8	-4.3	-
Special Sits Pens Acc.	391.9	412 6	+0 1	-
Extra Income Pens Fd.	338 2	356.0	-0 8	-
Convertible & Gilt Pen	162.1	170.7	-2.3	-
American Inc Pens.	168 9	177.8		-
European Pens.	120 6	127 0	-1 3	-
Managed Cash Pens.	167 5	176.4		-
Pref & Fixed Pens	115.2	121.3	+0.1	-
UK Blue Chip.	108.8	114 6	-0.4	-
Recovery Fund	102 6	108 1	-0 1	-
Unitised With Profits Pens	104 7	110 3	+0.1	-
Other Funds				
Margetts Growth	108.2	113.9	-0.2	-
Margetts Income	111 3	117 2	+0 1	-
Margetts Pension	116 6	122 8	-0 2	-
DWC Growth & Income	116 0	122.2	(z)	-
RCH Managed	109.8	115 6	-0.3	-
B&B Select Mngd.	95 3	100 4	-0 1	-

Reliance Mutual

Reliance House, Tunbridge Wells, Kent 0892 510033

	Bid Price	Offer Price	+ or -	Yield Gross
Deposit Acc Fd	164.9	173.6	.....	-
Equity Acc Fd	361.8	380 9	+0 8	-
Managed Acc Fd	316 2	332.8		-
Prop Fd (1st Issue)	-	547 5		-
Prop Acc Fd (2nd Iss)	116 1	122 2	..	-
Unit Trust Mn. Fd	133 3	140.3	..	-
RL Pension Funds				
Deposit Acc.	238 1	250 6	+0 1	-
Equity Acc.	261.4	275.1	+0.7	-
Fixed Int Acc.	227 7	239 7	..	-
Gilt Indx Lnk Acc.	166 7	175 5		-
Managed Acc	335 6	353.3		-

J Rothschild Assurance PLC

J Rothschild House, Dollar Street, Cirencester

Telephone 0285 640302 Helpline 041 307 6500

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
JRA/M&G Managed	101 0	106 4	+0 20	-
JRA/Scottish Amicable Mngd	96 10	101 2	-0.20	-
JRA/St James's Place Mngd	103 2	108 7	-0 10	-
Deposit	98 30	103 5	+0 10	-
Far East	102 1	107 5	+1 50	-
Gilts	100 4	105 7	+0.80	-
Greater European	105 9	111 5	-1 10	-
North American	106 6	112.3	-1.20	-
UK Equity	98 90	104.2	-0 30	-
Pension Funds				
JRA/M&G Managed cap	97.90	103 1	+0 20	-
JRA/M&G Managed acc.	100 2	105 5	+0 10	-
JRA/Scottish Amicable Mngd cap	91 80	96 70	-0 20	-
JRA/Scottish Amicable Mngd acc	94 00	99 00	-0 20	-
JRA/St James's Pl Mngd cap	103 7	109 2	+0 10	-
JRA/St James's Pl Mngd Acc	106 2	111 8	+0 10	-
Deposit cap	98.50	103 7	.	-
Deposit acc.	100 8	106 2	.	-
Far East cap	97.30	102.5	+1.60	-
Far East acc	99 60	104 9	+1.60	-
Gilts cap	98.80	104.1	+0.80	-
Gilts acc.	101 2	106 6	+0 80	-
Greater European cap	105 8	111.4	-0.90	-
Greater European acc.	108.3	114 0	-1 00	-
North American cap	106 4	112.0	-1 20	-
North American acc	108 9	114 7	-1 20	-
UK Equity cap	94 50	99.50	-0.30	-
UK Equity acc.	96 80	101 9	-0.30	-

Royal Heritage Life Assurance Ltd

Peterborough Business Pk, PE2 6GG 0733 390000

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

OFFSHORE INSURANCES

هكذا من الأصل

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

	Bid Price	Offer Price	+ or -	Yield Gross
Gartmore Fund Managers (IoM)				
Intl Inc.*	15.5	16.4	-0.1	12.0
* Projected Yield				
John Govett Management (IoM) Ltd				
Mg Govett Cur NAV Sep 18	$14.94		----	-
Paragon Pigs. Bnd Sep 1	£8.69		----	-
Paragon Stlg Bnd Sep 1	£10.06		----	-
SE Asian Wt NAV Sep 17	$9.89		----	-
Govett Mngd Fut Sep 18	£14.10	15.42	----	-
Govett Mngd Futs Sep 18	$10.12	11.07	----	-
New Horizons Inc Sep 17	$12.95		----	-
Mg Horizons Inc Sep 17	-$3.84		----	-
Gvt Geared Gld Sep 18	$8.19		----	-
IBI Global Funds Limited				
Intl Stlg Gwth	£18.57	19.56	----	-
Intl US$ Gwth	$17.99	18.95	----	-
High Income Gilt	£24.60	25.50	----	-
International Equity	£18.52	19.51	----	-
International Bond	£20.97	21.74	----	-
Managed Currency	£26.22	26.49	----	-
Sterling Currency	£26.05	26.31	----	-
US$ Currency	$37.62	38.01	----	-
Irish £ Currency	I£14.85	15.01	----	-
Target International (Isle of Man) Ltd				
IMG Offshore Fd	£7.57	8.18	----	-
S.F. Offshore Inc Fd Ltd	£9.93	10.39	----	-
[illegible]	£8.38	8.70	----	-
LFM Sterling Fd	£10.44	10.88	----	-

JERSEY (SIB RECOGNISED)

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Fund Managers (CI) Ltd						
PO Box 468 St Helier Jersey						0534 36633
AIB Currency Funds Ltd						
Intl Managed Bond	5		£6-20.7248	20.7248	----	-
Managed Capital Bd	5		£6-20.6977	20.6977	----	-
AIB Gwfund Currency Fund Limited						
Stlg Mngd Currency	5	£-	10.7398		----	-
Sterling Currency Fd	5	£-	10.3732		----	-
Ecu Currency	5	Ecu-	10.3960		----	-
US Dollar Mngd Curr	5	$-	21.2071		----	-
Barclays International Funds						
PO Box 152, St Helier, Jersey CI						0534 67888
Australian Eq (Inc)	5¼	£0.848	0.852	0.912	[illegible]	0.9
Global Income (Inc)	5¼	£0.468	0.448	0.501	[illegible]	2.6

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
INVESCO MIM International Limited						
All Funds deal daily except where indicated.						
Sterling Denominated Income Funds						
American Equity Inc			£1.557	1.670	+0.019	2.28
Japan Inc & Gwth			£1.317	1.413	+0.007	2.60
Sterling Denominated Growth Funds						
Capital Deposit			£37.28	37.29	----	-
European Perform.			£0.4109	0.4418	+0.0003	-
Far East			£2.235	2.403	-0.013	-
Pioneer Markets			£3.162	3.400	-0.043	-
UK Growth			£1.136	1.222	+0.006	2.35
£ Mng Portfolio			£1.456	1.574	-0.001	-
US Dollar Denominated Growth Funds						
Gold & Prec Mtls			$0.683	0.734	-0.005	-
Japan Performance			$2.140	2.301	+0.042	-
Gtd NW 1994 ***			$8.99		----	-
MIM London Agents						
Apollo Fd Sep 23*			SFr77.0	82.43	----	-
*Weekly Dealing. †Fortnightly Dlng. ***Monthly Dlng						
Lloyds Bank Trust Co (CI) Mngrs						
Lloydstrust World Inv Port			£2.307	2.423	+0.107	1.34
Dealing weekly on Thursday						
Management International (Jersey) Ltd						
Anchor Gilt Edge (z)			£9.63	9.68	+0.05	9.71
Minerals, Oils Res. Shrs. Fd. Inc.						
Mores Sep 24			$14.25	14.55	-0.29	2.75
Nat. Westminster Jersey Fd. Mgrs. Ltd						
Sterling Income(z)			92.8	98.0	----	8.50
UK Equity Fd (z)			195.5	208.0	-2	3.08
*Intl Bond Fd			89.2	92.0	----	7.57
**Natural Resources Fd			109.7	118.0	----	0.42
*Sterling Mngd Asset Fd.			483.9	510.0	----	5.00
*Sub day every Thurs. **Sub. day monthly 5th and 20th						
NatWest Trust/Cor Currency Fund (z)						
Dollar Class			$37.9306		+0.0096	-
Sterling Class			£26.4844		+0.0183	-
D-Mark Class			DM82.3038		+0.0555	-
Dutch Guilder Class			Dfl81.7115		+0.0448	-
Japanese Yen Class			Y7908.3517		+2.1646	-
Ashburton Replica Portfolio Ltd						
[illegible]			£10.58	11.04	----	-
[illegible]			$10.21	10.60	----	-
Northgate Unit Tst. Mngr. (Jersey) Ltd						
Pacific Fund Sep 24			$34.30	36.47	+1.55	-
Perpetual UT Mngrs (Jersey) Ltd						
Offshore Intl Gwth Fd			$3.6514	3.8804	----	-
Offshore Japanese Gwth Fd			$0.9525	1.0125	----	-
Offshore Am Gwth Fd			$5.8257	6.1910	----	-
Offshore Emerging Cos			$3.4800	3.6982	----	-
Offshore European Fd			$1.5196	1.6149	----	-
Offshore Far Eastern Fd			$2.1988	2.3367	----	-
Offshore UK Growth Fd			$1.8649	1.9819	----	-

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Pressure on French franc eases

THE PRESSURE on the French franc in the European Exchange Rate Mechanism eased yesterday, even though the scale of intervention by the Bundesbank and the Bank of France to support the currency was small, *writes James Blitz.*

The Bundesbank intervened continuously on the foreign exchanges to support the franc, but the amounts that were purchased appeared to be smaller than in previous days. The Bank of France also bought francs after ERM trading closed at 4pm London time as the franc slumped below FFr3.41 to the D-Mark, close to its floor of FFr3.4305. It later closed in London at FFr3.4010. In US trading, the franc benefited from a wave of short covering by investors who believed that a devaluation might be avoided altogether, and peaked at FFr3.3899.

Yesterday's battle to save the franc was a clear victory for the central banks, even if the war to avoid a devaluation has not yet been won. The Bank of France held the currency without raising its 5-10 day lending rate any further and without pushing its intervention rate above 9.6 per cent. Mr Jim Hall, international economist at Swiss Banking Corp in London, said that if the franc sees the other side of FFr3.38, the war will be won altogether.

A more cynical view is that the franc and other ERM currencies are being supported by the re-imposition of exchange controls in several European countries, a move with serious costs for the proposed timetable for European Monetary union.

Yesterday, Ireland followed Spain's lead in tightening exchange controls to ward off speculators, forcing non-residents to get official approval to engage in Irish punt swaps. Portugal also introduced exchange controls along similar lines. There were rumours last night that the Bundesbank was asking commercial banks to restrict the purchase of German Treasury bills because overnight rates in the German money market had been at uncompetitively low levels, although this could not be substantiated.

All these moves reduced the purchase of D-Marks, and pushed the escudo and the punt higher. But the most seriously troubled ERM currency yesterday was the Spanish peseta, which closed at Pta70 to the D-Mark, close to its floor of Pta72.62. The re-imposition of exchange controls triggered a collapse in the Spanish stock market, undermining confidence in Spain's economy. Traders reported that spot exchange was the only operation possible in pesetas, punts and escudos, and that forward markets had dried up.

The volatility was felt in Asia, with investors repatriating their European investments and translating them into yen. The yen closed at Y120.6 to the dollar from a previous Y120.1.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Sep 24	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Dutch Guilder	2.29193	2.22721	-2.82	3.06	55
Belgian Franc	41.9547	40.7770	-2.81	3.04	53
D-Mark	2.03412	1.98045	-2.64	2.86	60
French Franc	6.82216	6.75257	-1.02	1.18	-38
Danish Krone	7.75901	7.68490	-0.96	1.12	-34
Spanish Peseta	139.176	137.929	-0.90	1.06	2
Irish Punt	0.759300	0.754678	-0.61	0.76	-50
Portuguese Escudo	176.844	177.109	0.15	0.00	-15

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu: a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9) Sterling and Italian Lira suspended from ERM. Adjustment calculated by Financial Times.

£ IN NEW YORK

Sep.24	Latest	Previous Close
£ Spot	1.7080-1.7090	1.7155-1.7165
1 month	0.87-0.85pm	0.92-0.89pm
3 months	2.44-2.41pm	2.54-2.51pm
12 months	7.77-7.67pm	7.70-7.60pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

POUND SPOT - FORWARD AGAINST THE POUND

Sep 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6995 - 1.7165	1.7090 - 1.7100	0.88-0.85cpm	6.07	2.44-2.40pm	5.66

CURRENCY MOVEMENTS

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

CURRENCY RATES

§ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Sep.23

EURO-CURRENCY INTEREST RATES

Long term Eurodollars: two years 4⅛-4⅛ per cent; three years 4⅞-4⅞ per cent; four years 5⅜-5⅛ per cent; five years 5⅞-5⅝ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

OTHER CURRENCIES

Sep 24	£	$
Argentina	1.6845 - 1.6875	0.9900 - 0.9910
Australia	2.3555 - 2.3575	1.3815 - 1.3825
Brazil	10224.2 - 10224.6	6006.50 - 6006.70
Finland	7.9280 - 8.1060	4.6700 - 4.6900
Greece	320.200 - 328.150	187.800 - 192.470
Hong Kong	13.1600 - 13.1805	7.7280 - 7.7290
Iran	2716.00*	1435.00*
Korea(Sth)	1337.60 - 1359.15	782.90 - 789.10
Kuwait	0.50200 - 0.50300	0.29400 - 0.29450
Luxembourg	52.35 - 52.45	30.60 - 30.70
Malaysia	4.2680 - 4.2815	2.5080 - 2.5090
Mexico	5306.15 - 5309.55	3109.00 - 3111.00
N Zealand	3.1700 - 3.1745	1.8575 - 1.8600
Saudi Ar	6.3790 - 6.3955	3.7495 - 3.7505
Singapore	2.7255 - 2.7340	1.6010 - 1.6020
S Af (Cm)	4.8485 - 4.8630	2.8510 - 2.8530
S Af (Fn)	6.9375 - 6.9805	4.0650 - 4.0900
Taiwan	43.10 - 43.30	25.25 - 25.35
U.A.E.	6.2485 - 6.2730	3.6715 - 3.6735

*Floating rate. Iran Official rate £119.55 $63.30

EXCHANGE CROSS RATES

Sep.24	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Pta.	Ecu
£	1	1.710	2.540	206.3	8.638	2.233	2.865	2141	2.123	52.40	177.0	1.310
$	0.585	1	1.485	120.6	5.051	1.306	1.675	1252	1.242	30.64	103.5	0.766
DM	0.394	0.673	1	81.22	3.401	0.879	1.128	842.9	0.836	20.63	69.69	0.516
YEN	4.847	8.289	12.31	1000.	41.87	10.82	13.89	10378	10.29	254.0	858.0	6.350
F Fr.	1.158	1.980	2.940	238.8	10	2.585	3.317	2479	2.458	60.66	204.9	1.517
S Fr.	0.448	0.766	1.137	92.39	3.868	1	1.283	958.8	0.951	23.47	79.27	0.587
N Fl.	0.349	0.597	0.887	72.01	3.015	0.779	1	747.3	0.741	18.29	61.78	0.457
Lira	0.467	0.799	1.186	96.36	4.035	1.043	1.338	1000.	0.992	24.47	82.67	0.612
C$	0.471	0.805	1.196	97.17	4.069	1.052	1.350	1008	1	24.68	83.37	0.617
B Fr.	1.908	3.263	4.847	393.7	16.48	4.261	5.468	4086	4.052	100.	337.8	2.500
Pta	0.565	0.966	1.435	116.6	4.880	1.262	1.619	1210	1.199	29.60	100.	0.740
Ecu	0.763	1.305	1.939	157.5	6.594	1.705	2.187	1634	1.621	40.00	135.1	1

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr. per 100. Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

LONDON (LIFFE)

CHICAGO

PARIS

THREE MONTH ECU
ECU 1m points of 100%

	Close	High	Low	Prev.
Dec	90.15	90.29	90.07	90.27
Mar	90.68	90.73	90.60	90.73
Jun	90.99	91.07	90.95	91.04
Sep	91.19	91.19	91.14	91.15

Estimated volume 2211 (2039)
Previous day's open int. 10068 (9544)

THREE MONTH EURO SWISS FRANC
SFR 1m points of 100%

	Close	High	Low	Prev.
Dec	93.40	93.71	93.28	93.40
Mar	93.65	93.76	93.61	93.70
Jun	93.77	93.85	93.70	93.82
Sep	93.88	93.88	93.80	93.94

Estimated volume 14547 (12970)
Previous day's open int. 35363 (35775)

THREE MONTH EUROLIRA INT. RATE
LIRA 1,000m points of 100%

	Close	High	Low	Prev.
Dec	85.65	86.58	85.30	86.58
Mar	86.95	87.45	86.65	87.45
Jun	87.20	87.65	87.46	87.65
Sep	87.30	87.80	87.80	87.80

Estimated volume 2648 (2357)
Previous day's open int. 15827 (15788)

FT-SE 100 INDEX *
£25 per full index point

	Close	High	Low	Prev.
Dec	2678.0	2690.0	2628.0	2635.0
Mar	2711.0	2672.0	2668.0	2667.0
Jun				

Estimated volume 9225 (8263)
Previous day's open int. 44330 (44871)

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.7095	1.7009	1.6853	1.6658	1.6333

Estimated volume 5,564 † Total Open Interest 17,775

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls December	Calls March	Calls June	Puts December	Puts March	Puts June
105	3.91	-	-	0.28	0.45	-
106	3.08	-	-	0.44	-	-
107	2.30	-	-	0.69	0.90	-
108	1.66	2.18	2.64	1.00	-	-
109	1.11	1.60	-	1.45	1.65	-
Open int	316,582	68,191	200	226,776	68,123	1,300

Estimated volume 63,737 † Total Open Interest 670,174
† All Yield & Open Interest figures are for the previous day.

BASE LENDING RATES

	%		%		%
Adam & Company	9	Credit Lyonnais	9	McDonnell Douglas Bank	9
Allied Trust Bank	10	Cyprus Popular Bk	9	Midland Bank	9
AIB Bank	9	Dao Heng Bank (Ldn) Plc	11	Mount Banking	9
● Henry Ansbacher	9	Duncan Lawrie	9	NatWestminster	9
B & C Merchant Bank	13	Equatorial Bank plc	9	Northern Bank Ltd	9
Bank of Baroda	9	Exeter Bank Limited	10.5	Nykredit Mortgage Bank	10.5
Banco Bilbao Vizcaya	9	Financial & Gen. Bank	10	Provincial Bank PLC	14
Bank of Cyprus	9	● Robert Fleming & Co.	9	● Rea Brothers	10
Bank of Ireland	9	Robert Fraser & Ptnrs.	9.5	Roxburghe Bank Ltd.	11
Bank of India	9	Girobank	9	Royal Bk of Scotland	9
Bank of Scotland	9	● Guinness Mahon	10	● Smith & Williamson Secs.	9
Banque Belge Ltd	9	Habib Bank AG Zurich	9	Standard Chartered	9
Barclays Bank	9	● Hambros Bank	9	TSB	9
Brit Bk of Mid East	9	Hampshire Trust Plc	13.5	Unibank plc	9
● Brown Shipley	9	Heritable & Gen Inv Bnk.	9	● United Bk of Kuwait	9
CL Bank Nederland	9	● Hill Samuel	9	Unity Trust Bank Plc	9
Citibank NA	9	C. Hoare & Co.	9	Western Trust	9
City Merchants Bank	9	Hongkong & Shanghai	9	Whiteaway Laidlaw	9
Clydesdale Bank	9	Julian Hodge Bank	9	Yorkshire Bank	9
Co-operative Bank	9	● Leopold Joseph & Sons	9	● Members of British Merchant Banking & Securities Houses Association.	
Coutts & Co	9	Lloyds Bank	9		

MONEY MARKETS

Rates soften

THE RATES for short-dated money in the sterling cash market softened yesterday after the £1.5bn shortage forecast by the Bank of England was removed by midday.

Otherwise, trading in both the interbank and futures markets was quiet after the whirlwind of recent weeks. Dealers are still divided over whether there will be another cut in UK base rates before the Conservative party conference next month, and were waiting for the outcome of yesterday's debate on the UK economy in the House of Commons before hedging new bets. "The market will doubtless pronounce its view on Friday in some way," said one clearing bank dealer.

Now that the UK is out of the Exchange Rate Mechanism a two pfennig fall of the kind that sterling suffered yesterday has limited impact on the money markets. There is still no clear indication of how far the government would allow sterling to fall before abandoning the idea of another rate cut altogether.

The only event in the currency markets to occupy the minds of dealers was the battle to save the French franc from devaluation. Yesterday, the franc traded more firmly against the D-Mark, but dealers believe that the Bundesbank could reduce rates further in an attempt to save the Exchange Rate Mechanism.

Three-month money in the sterling cash market softened to 9$\frac{3}{16}$ per cent on the offered side from a close of 9¼ per cent the previous night. This was largely put down to a softening of rates at the short end of the market because of the easier conditions.

Despite the huge shortage caused by its heavy support of sterling on the foreign exchanges last week, the Bank is offering to roll-over the facilities that it promised to the biggest banks last Thursday, easing conditions. The 1-month rate was slightly softer at 9⅜ per cent from a previous close of 9½ per cent.

The December short sterling contract moved within a narrow 12-tick range, but closed at roughly the same opening level, at 91.79. Strictly speaking, this assumes that 3-month money will be at 8.21 per cent by the end of the year.

In the morning, the Bank bought £14m of Band 1 bank bills at 8⅞ per cent and £1.44bn in a repurchase agreement at 8$\frac{15}{16}$ per cent.

UK clearing bank base lending rate
9 per cent
from September 22, 1992

FT LONDON INTERBANK FIXING

(11.00 a.m. Sep 24) 3 months US dollars		6 months US Dollars	
bid 3¼	offer 3⅜	bid 3$\frac{5}{16}$	offer 3$\frac{7}{16}$

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime					
Prime rate	6	One month	2.75	Three year	4.43
Broker loan rate	5	Two month	2.96	Five year	5.51
Fed.funds	3$\frac{1}{16}$	Three month	2.96	Seven year	6.07
Fed funds at intervention	-	Six month	3.04	10-year	6.52
		One year	3.18	30-year	7.45
		Two year	3.95		

Sep.24	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.65-9.00	8.80-9.00	8.80-9.00	8.80-9.00	8.80-9.00	9.50
Paris	22-24	10¼-14	-	10¾-11¼	-	9.60
Zurich	5¾-6	6½-6¾	-	6½-6⅝	-	-
Amsterdam	8.50-8.62	8.55-8.70	-	8.45-8.60	-	-
Tokyo	4⅛-4$\frac{3}{16}$	4$\frac{3}{8}$-4⅛	-	3$\frac{15}{16}$-4	-	-
Milan	18½	20¾-20⅝	-	18¾-18$\frac{11}{16}$	-	-
Brussels	-	9-9¼	-	9-9¼	-	-
Dublin	-	15-14	14½-13½	14½-13½	12¾-12¼	-

LONDON MONEY RATES

Sep 24	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	12	9⅝	9½	9¼	8⅞	8¾
Interbank Bid	6	9⅜	9⅜	9⅛	8¾	8½
Sterling CDs	-	-	9⅜	9⅛	8¾	8½
Local Authority Deps.	9¼	9½	9⅜	9⅛	8⅞	8⅝
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	9	9½	-	-	-	-
Company Deposits	-	-	-	-	-	-
Finance House Deposits	-	-	9½	9⅛	8⅝	8⅞
Treasury Bills (Buy)	-	-	8$\frac{15}{16}$	8⅞	8¼	-
Bank Bills (Buy)	-	-	8$\frac{13}{16}$	8$\frac{11}{16}$	8¼	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	3.03	3.04	3.10	3.24
SDR Linked Dep. Offer	-	-	6$\frac{1}{16}$	6	6	6
SDR Linked Dep. Bid	-	-	5$\frac{15}{16}$	5⅞	5⅞	5⅞
ECU Linked Dep. Offer	-	-	11⅝	11⅛	11⅛	10⅝
ECU Linked Dep. Bid	-	-	11⅜	10⅞	10⅞	10$\frac{7}{16}$

Treasury Bills (sell); one-month 8$\frac{13}{16}$ per cent; three months 8¼ per cent; six months 8 per cent; Bank Bills (sell), one-month 8$\frac{11}{16}$ per cent; three months 8$\frac{9}{16}$ per cent; Treasury Bills; Average tender rate of discount - ECGD Fixed Rate Sterling Export Finance. Make up day August 28, 1992. Agreed rates for period Sep. 23, 1992 to October 25, 1992, Scheme I: 11.38 p.c. Schemes II & III 11.66 p.c. Reference rate for period August 1, 1992 to August 28, 1992, Scheme IV&V: 10.379 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10½ from September 1, 1992; Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 6½ per cent; one-three months 9 per cent; three-six months 9 per cent; six-nine months 8¾ per cent; nine-twelve months 8½ per cent; Under £100,000 7 per cent from May 6, 1992. Deposits withdrawn for cash 5 per cent.

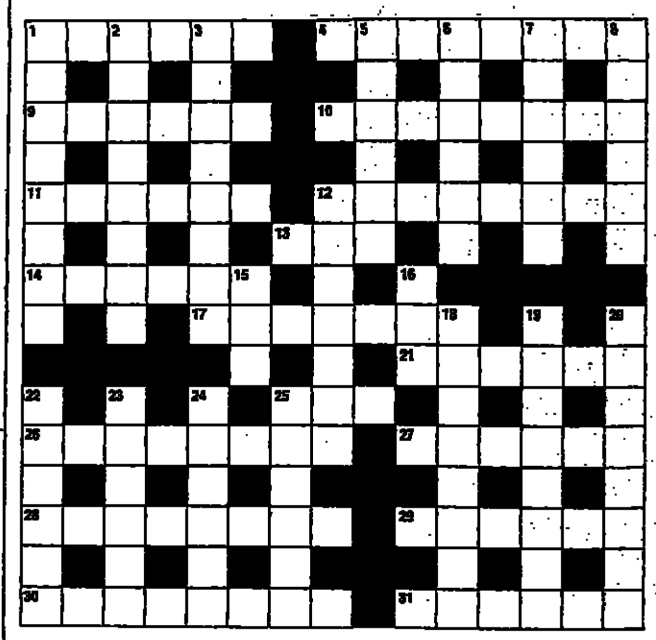
MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

CROSSWORD

No.7,960 Set by ADAMANT



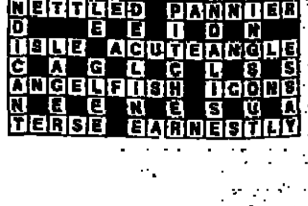
ACROSS

1 In a month's time the English fellow will join the opposition (6)
4 Cold-hearted selections of frozen confectionery (4-4)
9 Person bringing one a drink outside? (6)
10 More active when stomach gland takes a rest (8)
11 Can't upset the Press Association over a moment's unconsciousness (6)
12 After a House of Commons reversal no one backs Premier's return as leader (8)
13 Shabby work on the shuttle (3)
14 Is told to become less emotional (6)
17 Angels half seen playing harps (7)
21 Makes off-peak calls (6)
25 Embroider the news, then off to broadcast it? (3)
26 Letters describing bathe on the mountain (8)
27 Using oars he gets to the land (6)
28 Former minister entangled in parking debts (8)
29 Veto is amended by local council (6)
30 Need another pair inside making savage marks (3,5)
31 Way round that pays out in Bill of Sale (6)

DOWN

1 Depressed Name to throw in following first half financial index (8)
2 Story about redhead caused irritation (8)
3 To sit up on moving camel is a traveller's joy (8)
5 Stature of a hot little number (6)
6 Selects the best credit on same turnover (6)
7 Pay part of the cost of having fried potato at home (4,2)
8 Bound to follow the cold weather (6)
12 Show Tom with his middle unclad (7)
15 Is she presented getting out of bed? (3)
16 Retiring throw (3)
18 Boss disturbed over party appeal for sympathy (3,5)
19 The pudding could be mine, also (8)
20 A call for help! Bring in finest flameproof material (8)
22 Two hands needed for fruit (6)
23 Seem to have a paper round (6)
24 Craft centre (6)
25 One in five in the Home Counties has brilliant decoration (6)

Solution to Puzzle No.7,959



WORLD STOCK MARKETS

AUSTRIA

September 24	Sch	+ or −
Austrian Airlines	2,015	−25
Creditanstalt Pf	430	−5
EA General	2,815	−35
EVN	823	−4
Jungbunzlauer	16,000	−250
OeMV	760	−11
Perlmooser Zement	1,180	−10
Radex Heraklith	473	−6
Reininghaus Brue	990	−10
Steyr Daimler	183	−2
Veitscher Magnesit	331	−3
Verbund (Br) A	438	−5
Wienerberger	3,210xr	−25
Z-Laenderbank	1,030	....

BELGIUM/LUXEMBOURG

September 24	Frs.	+ or −
AG Group	1,860	+30
Ackermans	2,615	+10
Almanij	5,710	+10
Arbed	2,900	+50
BBL	3,455	−15
Bank Intl a Lux	11,500	....
Banq Gen Lux Pts	11,800	....
Bekaert	12,100	+150
CBR Ciment	7,920	+20
CMB	1,780	−15
Cobepa	4,350	....
Cockerill Priv	156	−1
Colruyt	4,635	−5
Delhaize Frs Lion	1,590	+60
Electrabel	4,915	+15
Electrabel AFV1	4,750	+25
Electrafina ACT	2,330	....
GBL	2,460	+30
GBL AFV 1	2,450	+50
GIB Group	1,344	....
Gechem	298	....
Generale Banque	7,050	+130
Gevaert	6,450	+60
Glaverbel	3,900	+150
Immobel	2,480	−20
Kredietbank	5,000	+25
Kredietbank AFV	4,900	+20
Mecaniver	5,500	....
Mosane	1,364	....
Pan Holding Lux	11,800	−100
Petrofina	8,600	−20
Powerfin	2,200	....
Royale Belge	3,680	+100
Royale Belge AFV 1	3,450	+20
Soc Gen Belge	1,865	−25
Soc Gen Belge AFV	1,810	....
Sofina	10,400	−50
Solvac	1,322	−4
Solvay	12,200	+50
Tractebel	7,750	−40
UCB	23,250	+275
Union Miniere	2,110	+10

DENMARK

September 24	Kr	+ or −
Baltica Holding Reg	220	....
Bikuben	220	+2
Carlsberg A	268	−1
D/S 1912 A	72,000	....
Danisco	615xl	−5
Den Danske Bank	234.60	−4.40
East Asiatic	65	+3
FLS Ind B	440	+13.75
Great Nordic	260	....
ISS Intl Serv B	890	+15
Jyske Bank Reg	247	−3
Lauritzen (J) B	1,460	+20
NKT A/S	180	....
Novo Nord B	515.77	−3.23
Sophus Berend B	1,940	+50
Superfos	385	....
TopDanmark	650	....
Unidanmark A	133	−1

FRANCE (continued)

September 24	Frs.	+ or −
Casino	150.70	+3.70
Cetelem	842	+2
Chargeurs	1,259	+22
Club Mediterranee	365.50	−1.90
Cogifi	302.10	−23.40
Coparex Int	590	....
C C F	196.80	+2
Cr Fonc France	883	+3
Cred Lyon (CI)	465	−19.50
Credit National	1,003	+10
Damart	3,110	+10
Docks de France	383	+2.90
Dollfus Mieg Cie	284	−6.50
EBF	800	....
Eaux Cie Genl	2,090	+2
Ecco	391	−0.10
Elf Aquitaine	368	+3.50
Elf Aquitaine Certs	238	−3
Elf Sanofi	1,131	−10
Eridania B-Say	630	−22
Eridania B-Say CI	492	....
Essilor Int	394.90	−7.10
Etex	1,765	....
Eurafrance	1,132	+21
Euro RSCG	524	+1
Euro Disney	80.70	−1.95
Fin Pollet	415	+1
Finextel	101.90	−5.10
Fonc Lyonnaise	530	−10
From C et Auv	3,275	−34
GTM-Entrepose	371	−7
Gal. Lafayette	1,950	−60
Gaumont (Soc N)	427	−21
Geophysique	690	−3
Hachette	116	+3
Havas	454	+7
Imetal	306.10	+2.10
Imm de France	745	−5
Immobanque	360	+20
Immob Phenix	112	+1
Interbail	380	−4
Intertechnique	605	+20
LVMH	3,983	+3
Lafarge Coppee	289	+10
L'Oreal	966	+5
Legrand	4,330	+30
Legris	260xl	−1
Lyons Eaux Dumez	510	−21
Matra	180	−4.10
Michelin B	201.50	+5.50
Moulinex	104xl	−2.50
Navigation Mixte	734	−11
Nord Est	115.50	−2.30
Orsan	130	−6
Paribas	347.50	−0.70
Paris Reescompte	230	+5
Pernod Ricard	452.70	+3.70
Peugeot	587	−2
Pinault	325.40	+4.40
Printemps (Au)	650	....
Promodes	565	+7
Radiotechn	400	+3
Redoute	5,680	....
Rhone Poulenc Cts	550	−5
Roussel-Uclaf	439	....
SILIC	535	−1
Sagem	2,025	+25
Saint Gobain	558	+6
Saint Louis	1,095	−55
Schneider	610	−2
Seb SA	399	−16
Sefimeg	374	+2.70
Simco	395	−4
Skis Rossignol	590	....
Soc Generale de Fr	545	+6
Sommer-Allibert	1,260	−8
Spie Batignolles	283.50	+9.50
Suez (Fin de)	263	−1.10
Taittinger	2,200	....
Thomson C S F	129.60	−2.90
Total B	227	+1.30
UAP	425	−12.70
UFB Locabail	242.80	+16.70
Unibail	364	−3
Union Immob Fr	398	+2

GERMANY (continued)

September 24	Dm.	+ or −
Fag Kugelfischer	167	−8
GEHE	380	−3
Gerresheimer	224	−5
Goldschmidt (TH)	880	....
Hamburg Elekt	180.50	....
Hapag Lloyd	445	....
Heidelb Zem	885	....
Henkel Prf	596	−7
Herlitz	260.50	−6.50
Hochtief	950	−12
Hoechst	242.50	−2
Holzmann Ph	860	−28
Horten	145	+2
IKB Deutsche Ind	259	−4
Industrie Werke	235	−5
Kali & Salz	103.20	+0.20
Karstadt	500	−14
Kaufhof	418	−7.50
KHD	98.50	−2
Klockner Werke	70	−1.50
Lahmeyer	590	+7
Leifheit	385	−10
Linde	738	−12
Linotype-Hell	371	−4
Lufthansa	96.50	−1.50
Lufthansa n/v Prf	80.80	−0.40
MAN	264.50	−7.50
MAN Pref	222	−2.50
Mannesmann	215.70	−7.50
Mannheim Vers	690	....
Mercedes Hld	440.50	−24.50
Metallgesellschaft	310	−1
Muench Rueck (Reg)	2,420	+50
PWA	149	−9
Philips Kommun	560	−10
Porsche	535	−4
Preussag	342	−8
Rheinelektra	860	−15
Rheinmetall Berlin	238	−2
Rheinmetall Prf	176	−2.50
Rhein West El	392	−4.80
Rhein West El Prf	314	−4.50
Rosenthal	218	−7
Schering	677	−3.70
Schmalbach Lubeca	320	+1
Siemens	589.80	−4.70
Springer Axel Rg	595	−1
Sud Chemie	500	....
Thyssen	177	−2.80
Varta	278	−7
Veba	373	−3.60
VEW	219.50	−1.20
Verein-West	305.50	−0.50
Viag	337.50	−3.70
Volkswagen	295	−11.50
Volkswagen Prf	249	−6.50
Wella Prf	637.50	−1.50
Zanders Feinpap	215	....

ITALY

September 24	Lire	+ or −
Banca Comm	2,780	−25
Banca Naz Agric	3,900	....
Banca di Roma	1,545	+15
Banco Lariano	3,350	−30
Bastogi-I R B S	87.75	+1
Benetton	12,855	+30
Burgo (Cartiere)	3,051	−143
CIR	916	−43
Caffaro Spa	360	−13
Cementir	1,210	−5
Cigahotel	987	−43
Cofide Fin	1,100	−48
Credito Italiano	1,780	+50
Danieli & C	7,150	−49
EniChem	1,150	−50
Ferruzzi Fin	1,154.50	+14.50
Fiat Priv	1,825	−5
Fiat	3,621	+43
Fidis	2,310	−30
Finanz Agroind	7,230	+10
Fondiaria Spa	17,100	−100

CANADA

INDICES

NEW YORK

DOW JONES	Sep 23	Sep 22	Sep 21	Sep 18	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3278.69	3280.85	3320.83	3327.05	3413.21 (1/6)	3172.41 (2/1)	3413.21 (1/6/92)	41.22 (2/7/32)
Home Bonds	102.81	102.98	103.07	103.20	103.20 (18/9)	98.41 (20/3)	103.20 (18/9/92)	54.99 (1/10/81)
Transport	1274.75	1287.65	1295.70	1286.64	1467.68 (20/2)	1204.40 (26/8)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	218.08	218.52	220.08	220.33	225.59 (3/1)	200.74 (8/4)	236.23 (2/1/90)	10.50 (8/4/32)

DJ Indl. Day's High 3302.19 (3327.05) Low 3252.48 (3270.58) (Theoretical♠)
Day's High 3287.33 (3321.10) Low 3265.18 (3280.04) (Actual♠)

STANDARD AND POOR'S

	Sep 23	Sep 22	Sep 21	Sep 18	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	417.44	417.14	422.14	422.93	425.27 (14/9)	394.50 (8/4)	425.27 (14/9/92)	4.40 (1/6/32)
Industrials	492.89	492.61	498.91	499.94	503.30 (14/9)	470.91 (8/4)	503.30 (14/9/92)	3.62 (21/6/32)
Financial	35.07	35.11	35.47	35.44	36.66 (3/8)	32.40 (8/4)	36.66 (3/8/92)	8.64 (1/10/74)
NYSE Composite	229.42	229.48	231.89	232.39	233.73 (14/9)	217.92 (8/4)	233.73 (14/9/92)	4.46 (25/4/42)
Amex Mkt. Value	379.91	380.99	382.72	385.50	418.99 (12/2)	374.04 (26/6)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	582.96	583.00	588.58	589.12	644.92 (12/2)	547.84 (26/6)	644.92 (12/2/92)	54.87 (31/10/72)

	Sep 18	Sep 11	Sep 4	year ago (approx.)
Dow Industrial Div. Yield	3.10	3.12	3.15	3.04

	Sep 16	Sep 9	Sep 2	year ago (approx.)
S & P Industrial div. yield	2.63	2.64	2.63	2.73
S & P Indl. P/E ratio	27.77	27.46	27.52	21.15

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Coca Cola	4,716,000	40¾	- 1½
Gen Motors	4,411,300	32⅛	- ⅞
Comw Ed	3,518,400	23⅜	+ ¼
Chrysler	3,415,800	22⅞	- 1
First Int	3,192,600	38	+ ⅛
Limited	3,103,400	22⅛	- 1
Pepsico	2,825,800	37⅛	+ ⅛
Black & Deck	2,734,900	16⅛	- 3⅛
Enquirer	2,464,600	15	- 1½
Ford	1,975,200	40½	+ ¼

TRADING ACTIVITY

† Volume Millions	Sep 23	Sep 22	Sep 21
New York SE	204.350	186.990	153.900
Amex	10.099	12.302	10.437
NASDAQ	193.243	204.919	159.458
NYSE			
Issues Traded	2,326	2,307	2,328
Rises	780	537	714
Falls	946	1,200	1,028
Unchanged	600	570	586
New Highs	29	40	56
New Lows	45	44	36

CANADA

TORONTO	Sep 23	Sep 22	Sep 21	Sep 18	1992 HIGH	1992 LOW
Metals & Minerals	2914.57	2900.21	2934.56	2947.65	3238.87 (16/1)	2828.26 (8/4)
Composite	3404.40	3402.80	3420.00	3444.95	3666.00 (16/1)	3318.10 (8/4)
MONTREAL Portfolio	1770.34	1766.68	1775.37	1792.26	1937.59 (16/1)	1727.04 (8/4)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♠ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's).

	Sep 24	Sep 23	Sep 22	Sep 21	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1507.2	1505.0	1520.8	1531.6	1684.50 (22/5)	1478.90 (9/9)
All Mining (1/1/80)	666.6	668.5	674.7	677.6	726.80 (3/7)	652.40 (9/9)
AUSTRIA						
Credit Aktien (30/12/84)	337.87	340.98	336.55	341.90	458.57 (24/2)	291.41 (13/8)
Traded Index (2/1/91)	828.11	836.05	822.44	839.73	1099.43 (24/2)	682.96 (13/8)
BELGIUM						
BEL20 (1/1/91)	1121.58	1112.26	1114.50	1123.88	1235.40 (2/6)	1046.07 (2/9)
DENMARK						
Copenhagen SE (3/1/83)	264.30	263.98	269.50	273.28	365.29 (15/1)	263.98 (23/9)
FINLAND						
HEX General (28/12/90)	584.1	577.8	577.2	584.5	935.90 (24/2)	541.00 (7/9)
FRANCE						
CAC General (31/12/82)	486.33	485.86	464.68	496.04	555.93 (12/5)	462.23 (2/9)
CAC 40 (31/12/87)	1829.50	1828.93	1832.81	1826.06	2077.49 (11/5)	1667.72 (25/8)
GERMANY						
FAZ Aktien (31/12/58)	602.72	613.94	612.92	618.33	725.26 (26/5)	582.34 (26/8)
Commerzbank (1/12/53)	1700.38	1737.70	1734.4	1750.9	2043.80 (25/5)	1642.70 (26/8)
DAX (30/12/87)	1530.94	1557.83	1550.34	1573.86	1811.57 (25/5)	1468.91 (25/8)
HONG KONG						
Hang Seng Bank (31/7/64)	5658.73	5712.64	5740.18	5741.53	6162.53 (16/7)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1237.52	1251.00	1258.56	1242.75	1469.57 (17/1)	1196.07 (11/9)
ITALY						
Banca Com. Ital. (1972)	367.12	364.54	369.59	380.28	551.59 (6/2)	354.93 (16/9)
MIB General (2/1/92)	721.0	716.0	726.0	749.0	1086.00 (5/2)	696.00 (16/9)
JAPAN						
Nikkei (16/5/49)	18609.95	(c)	18282.72	18066.24	23801.18 (6/1)	14309.41 (18/8)
Tokyo SE (Topix) (4/1/68)	1381.18	(c)	1366.16	1355.51	1763.43 (6/1)	1182.50 (18/8)
2nd Section (4/1/68)	1744.32	(c)	1743.13	1747.63	2459.86 (6/1)	1582.77 (19/8)
MALAYSIA						
KLSE Composite (4/4/86)	593.07	590.84	589.32	587.99	619.86 (20/2)	546.63 (14/1)
NETHERLANDS						
CBS Ttl Rtn.Gen.(End 1983)	295.9	295.0	294.3	295.7	314.90 (9/6)	274.00 (8/1)
CBS All Shr (End 1983)	199.5	198.8	198.4	199.3	215.50 (26/5)	189.70 (25/8)
NORWAY						
Oslo SE (Ind) (2/1/83)	586.85	585.13	577.42	590.16	772.74 (18/5)	532.43 (25/8)
PHILIPPINES						
Manila Comp (2/1/85)	1386.42	1387.55	1396.15	1410.65	1580.95 (11/6)	1083.01 (17/3)
SINGAPORE						
SES All-Singapore (2/4/75)	358.56	358.87	358.64	360.33	416.99 (21/1)	354.15 (19/8)
SOUTH AFRICA						
JSE Gold (28/9/78)	907.06	917.0	925.0	935.0	1327.00 (21/1)	857.00 (10/9)
JSE Industrial (28/9/78)	4181.06	4161.6	4146.6	4137.8	4689.08 (4/6)	3973.00 (14/8)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	523.35	524.35	519.16	521.54	691.48 (8/2)	459.07 (21/8)
SPAIN						
Madrid SE (30/12/85)	198.15	205.22	207.56	210.78	266.51 (28/2)	198.15 (24/9)
SWEDEN						
Affarsvariden Gen. (1/2/37)	708.9	709.2	736.0	745.1	1014.50 (11/5)	707.20 (10/9)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	861.8	864.6	861.9	858.0	883.40 (11/5)	748.50 (8/1)
SBC General (1/4/87)	647.8	648.9	645.7	643.2	682.30 (11/5)	596.40 (26/8)
TAIWAN**						
Weighted Price (30/6/66)	3540.48	3529.42	3524.75	3481.90	5391.63 (30/1)	3437.60 (18/9)
THAILAND						
Bangok SET (30/4/75)	863.61	871.37	863.42	868.75	871.37 (23/9)	667.84 (19/5)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	505.1*	502.6	504.0	501.9	542.10 (7/1)	467.50 (8/4)
Euro Top-100 (26/6/90)	849.72	850.07	856.88	853.36	976.55 (25/5)	793.32 (25/8)

**Saturday September 19: Taiwan Weighted Price: 3569.93, Korea Comp Ex. 540.55
‡ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Thursday, September 24, 1992

	Stocks Traded	Closing Prices	Change on day
Mitsui Min	30.2m	523	+60
Nippon Steel	6.5m	305	+1
Sumitomo Metal	6.2m	270	+7
Kawasaki Steel	5.9m	300	+70
Sumitomo Chem	4.5m	478	+13
Mitsubishi Hvy	3.8m	565	+10
Toshiba Corp	3.8m	614	-12
Aoki Corp	3.5m	576	-4
Nippon Mining	3.4m	503	+22
NKK	3.2m	275	

3 pm September 24

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1992 High	1992 Low	Stock	Div.	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15⅞	11½	AAR Corp	0.48	4.1	19	30	11⅞	11¾	11⅞	-⅛
28	18	A L Labs A	0.18	0.8	83	685	23⅛	21⅞	23⅛	+1¼
68¾	52⅝	AMP Inc	1.52	2.5	24	856	61⅛	60⅞	61⅛	+½
80¼	55	AMR			21	1165	59	58⅛	58⅝	+⅛
2⅜	1⅛	ARX			16	10	1⅝	1½	1½	-⅛
53½	33⅞	ASA	2.00	5.6	23	645	35⅝	35¼	35½	-¼
34¼	26⅛	Abbott Lab	0.60	2.1	21	6537	28½	28¼	29¼	
13⅞	11⅞	Abitibi Pr	0.50	4.2	6	3	11⅞	d11⅞	11⅞	
11⅝	10⅛	ACM Gvt In	1.06	9.5		182	11⅛	11⅛	11⅛	-⅛
10⅜	9⅛	ACM GvOpp	0.78	8.1		49	9⅞	9¾	9¾	
9⅝	8½	ACM Gvl Sp	0.80	8.3		127	u9⅝	9½	9⅝	+⅛
11¼	10½	ACM Gvl Se x	0.96	8.6		254	u11¼	11	11¼	+⅛
10⅝	8⅝	ACM Man	1.08	10.3		221	u10⅝	10½	10½	+⅛
12⅞	9⅞	ACM Managd	1.15	11.5		117	10⅛	10	10	-⅛
11¼	4¼	Acme Cleve	0.40	6.0	12	12	6¼	6⅝	6⅝	-⅛
6¼	4⅜	Acme Elect			34	5	4½	4½	4½	
33¼	14⅛	Acuson			10	1449	16⅜	16	16¼	+⅜
19⅞	16⅛	Adams Expr	0.48	2.4	1	108	u20	19⅞	20	+¼
49¼	29½	Ad Micro	3.00	7.9		31	38	37¾	37¾	-¼
21½	7½	Ad Micro P	3.00	25.3		44066	12	11⅝	11⅞	+⅛
9½	4⅞	Advest Grp	0.16	2.8	71	34	5⅞	5½	5¾	+⅛
41⅝	33	Aegon ADR	1.68	4.1	7	16	40½	40	40½	+½
47	38	Aetna Lf	2.76	6.8	10	2674	40⅝	39⅞	40½	+1⅛
12¾	8⅜	Ahli A	0.24	2.3	12	297	10½	10¼	10¼	-⅛
34	24	Aflac	0.44	1.4	15	3517	30¼	30⅛	30⅜	+½
19⅜	13⅜	Ahmanson	0.88	6.4	6	2024	13⅞	13⅝	13¾	-⅛
22½	4½	Aileen Inc			8	182	5¼	5	5⅛	
49½	36½	Air Pr Chm	0.86	1.9	18	1039	44⅜	44	44¼	+⅛
39⅞	12½	Airbna Frt	0.30	1.8	32	832	16⅝	16⅜	16½	+⅛

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
46	34½	ScottPaper	0.80	2.1	19	451	38⅞	38⅛	38⅝	-¼
17½	13⅝	ScuddrNAsF	0.22	1.6		79	14⅝	14½	14½	-⅛
9¼	8⅛	ScuddrNEuF	0.30	3.3		60	9	8⅞	9	
24	16	Sea Contrs	0.20	1.3	5	236	16⅝	d15⅛	15½	-2⅛
15¾	14⅞	SeaC1 4825	1.46	9.5		z160	15⅛	15⅛	16⅛	
31	26⅞	Seagram Co	0.56	1.9	15	783	28⅞	28⅝	28⅞	+¼
32	21⅝	Seagull En			187	250	31¼	31	31¼	+½
28½	22	Sealed Air			11	47	23½	23½	23½	
23	12⅛	SPX Corp	0.40	2.4	23	23	17¼	16⅞	16⅞	-¼
48	37	Sears Roeb	2.00	4.8	10	4875	41⅞	40⅞	41⅝	+½
13¼	11⅞	Seligm Sel	0.84	6.7		216	12⅝	12⅛	12½	
31¼	22¾	Sensormat	0.30	1.2	23	353	25⅞	25⅛	25⅝	
51	36¼	Sequa A	0.60	1.6	36	48	38½	37½	37½	-¼
58	45	Sequa B	0.50	1.1	24	46	45½	d45	45½	
18¾	15⅜	ServiceCpl	0.40	2.4	16	1802	17⅛	16⅞	16⅞	-¼
29⅞	22	Servicemtr	1.19	4.4	16	176	27	26⅝	26⅞	
26⅞	17	Shaw Ind	0.30	1.2	26	472	24½	24⅛	24½	+¼
19⅛	8⅞	Shawmut Nt	1.00	7.0	25	1654	14⅝	14⅛	14⅛	-¼
10¼	6⅝	Shelby Wll	0.24	3.0	35	106	8⅛	8⅛	8⅛	
57⅞	46⅝	Shell Tr&T	2.78	4.9	15	24	56⅝	56¼	56⅝	+¼
30⅞	25⅜	Sherwin Wl	0.44	1.6	17	1594	28	27⅛	27½	-½
27¼	16½	Shoneys			16	376	17⅞	17½	17⅛	+⅛
14⅞	8¼	Showboat	0.10	0.8	12	500	12⅛	11⅞	12¼	+⅝
24⅛	17⅞	Sierra Pac	1.12	5.8	11	90	19	18⅞	19	+⅛

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
48	30	Texas Inst	0.72	1.6	28	2850	44½	43⅝	44½	+⅞
23¼	17	Texas Pac	0.40	2.2	34	20	18¼	17⅞	17⅞	-⅛
43¾	37	Texas Util	3.04	7.3	10	1269	41⅜	41⅛	41⅝	+½
10⅞	9⅜	Texfi Pf	1.10	10.9		10	10⅛	10⅛	10⅛	
9¼	4⅞	Texfi Inds	1.10	14.2	6	64	8⅛	7¼	7¾	-⅛
39⅞	33⅛	Textron	1.12	3.1	9	555	35⅝	35⅛	35⅝	+½
6⅛	4⅛	Thackeray			23	10	4⅞	4⅞	4⅞	
9⅜	7½	Thai Cap	0.25	2.7		167	9⅛	9	9⅛	
18⅞	13¾	Thai Fund	0.66	4.2		17	16⅛	16¼	16⅝	
47½	37½	ThermoElec				19	231	40⅞	40½	40⅝	+⅛
17⅞	13¾	Thiokol	0.40	2.3	5	182	17⅝	17¼	17¼	-⅛
69	54¾	Thomas & B	2.24	3.4	31	271	66⅞	65¼	66⅝	+⅜
14⅛	9	Thomas Ind	0.40	4.1	182	14	9¾	9½	9¾	+⅛
19½	13	Thomson Ad	1.68	10.5	7	85	16¼	15⅞	16	-½
19½	11⅜	Tidewater	0.07	0.4	26	224	19⅛	19	19⅛	+⅛
32⅞	23¼	Tiffany x	0.28	1.1	14	755	25	24	24⅞	+½
52⅛	46¼	TimeWn8.75	4.38	8.7		763	50⅞	50⅛	50½	+⅛
29¼	21¼	TimeWner	0.28	1.1	14	4850	25⅜	25⅜	25⅜	-⅛
54⅛	49½	TimeWn11.0	1.10	2.0		1102	u54⅛	54	54⅛	+⅛
38⅞	28⅝	TimesMirr	1.08	3.3	37	267	33	32⅞	32⅞	+⅛
30½	23¼	Timken	1.00	3.9	23	47	25½	25⅜	25⅜	+⅛
4⅞	2⅝	TitanCrp			12	386	3	2⅞	3	+⅛
11½	10	Titan Pf	1.00	9.0		10	11⅛	11⅛	11⅛	
5⅝	4⅛	Todd Shp			3	84	4½	4⅜	4⅜	

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
55	50½	Xerox4.125				6	52⅛	52⅛	52⅛	+½
34¼	24⅞	Xtra 1.94	1.94	5.8		10	33¼	33¼	33½	
47½	28½	Xtra Corp	0.80	1.7	13	138	46½	45¾	46	-½
30¼	25¼	Yankee Egy	1.66	5.9	13	63	28⅜	28⅛	28⅜	
1½	½	Zapata			28	788	1⅛	1	1⅛	+⅛
11⅛	6⅞	ZenithElec			4	142	6⅝	6½	6½	
19½	14½	Zenith Nat	1.00	5.8	8	4	17¼	17¼	17¼	-⅛
7½	6	Zenix Inc x	0.82	11.5		69	7¼	7	7⅛	+⅛
13¾	10	Zero Corp	0.40	3.4	18	136	11⅞	11½	11⅝	
38	27¾	Zurn Ind x	0.88	2.9	33	36	31	30¾	30⅞	
14⅛	12	Zweig Fund	1.14	8.8		59	13	12⅞	13	+⅛
11	9½	Zweig Totl	0.96	9.1		648	10½	10⅜	10½	

Price data supplied by Telekurs.

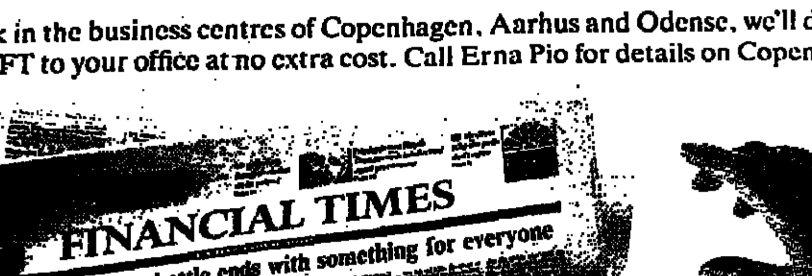
Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also xtra(s) b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3 pm September 24

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Perini	0.80	21	8	11⅞	11¼	11⅞	
Pet Ht&P	1.14	14	67	17¼	17	17	
Phil LD	0.26	16	286	38⅞	38¼	38½	-¼
Pittway A	1.10	16	40	30⅛	30⅛	30⅛	-⅛
Ply Gem	0.12	22	166	10⅛	10⅛	10⅛	
PMC x	0.68	14	201	10⅝	10⅝	10⅝	+⅛
PresidioA	0.10	1	132	1⅜	d1¼	1⅜	-⅛



NASDAQ NATIONAL MARKET

3 pm September 24

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Xilinx		20	889	19	18¼	18¾	
Xoma Corp		5	786	10¾	d10¼	10⅝	+⅛
Yellow Fr	0.94	20	88	24	23⅝	24	+⅛
York Rsch		8	861	6¾	6½	6½	
ZionsUtah	1.46	10	122	u59	57¼	57¼	-¼

AMERICA

Equities draw strength from bond prices

Wall Street

BUOYED by a rebound in bond prices, US stock markets registered modest gains across the board in active trading yesterday, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was up 12.70 at 3,291.39. The more broadly based Standard & Poor's 500 was also higher at the halfway stage, up 0.91 at 418.35, while the Amex composite firmed 0.16 to 380.07 and the Nasdaq composite added 2.01 at 584.97. Turnover on the NYSE was 113m shares by 1 pm.

The market drew all its strength from bond prices. The sharp fall in bonds, which had pushed long-term yields up sharply, had prompted talk that the Treasury market was heading for a sustained bear phase. Yesterday's recovery in bond prices helped allay fears of rising interest rates.

Ironically, the gains in bond prices were a reaction to bad economic news; the latest weekly jobless claims figures showed a much bigger rise in the number of people claiming state unemployment insurance than had been expected.

Among individual stocks, car manufacturers remained in the limelight. Chrysler rose $⅝ to $22¾ in active trading after the company said that it had reached a tentative agreement with unions which should avert a strike by drivers and technicians.

General Motors, which fell sharply earlier in the week on analysts' downgrades, recovered $⅝ to $32¼, but Ford, which had performed relatively well this week, suffered a reaction, dropping $⅝ to $40⅛.

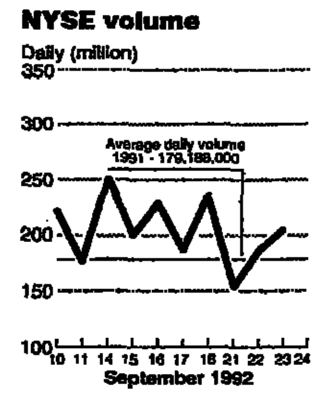
Browning-Ferris Industries climbed $⅝ to $24¾ after the brokers, Kidder Peabody, highlighted the stock as an attractive buy in expectation of a positive fiscal fourth quarter.

Unisys jumped $¼ to $9¼ after the computer group declared a $1.40625 a share dividend on its series A cumulative convertible preferred stock, payable October 15.

On the Nasdaq market, Athena Neurosciences firmed $⅞ to $8⅛ after saying that results of new studies had backed its plan to develop tests and therapeutic drugs for sufferers of Alzheimer's disease.

Checkers Drive-In rose $¾ to $22¾ on the news that it will open 60 stores in and around Philadelphia over the next two years.

NYSE volume



SAO PAULO saw an 11.1 per cent rise in the Bovespa index, up 4,178 at 41,686 in heavy *mid-morning trading*, after the Supreme Court upheld a decision by Congress to hold an open vote on a proposal to impeach the President of Brazil, Fernando Collor de Mello.

Canada

TORONTO was mixed at midday in subdued dealings, as the market remained wary about a possible key rate increase by the Bank of Canada to defend the Canadian dollar.

The TSE-300 composite index rose 8.2 to 3,412.6 in volume of 15.2m shares valued at C$181.6m. Declines outstripped advances by 194 to 173 with 259 unchanged.

EUROPE

Accelerated downtrend for German carmakers

A MIXED day for bourses saw Swiss shares easier in spite of a rate cut, Spain still unhappy about measures to protect the peseta, and more pain for German carmakers as investors broke off their recent love affair, *writes Our Markets Staff.*

FRANKFURT's carmakers accelerated their downtrend, BMW losing DM29 to DM485 for a fall of 12.1 per cent on the week so far, Daimler by DM30.30 to DM597.70 for 8.2 per cent and Volkswagen by DM11.50 to DM295 for a four-day fall of 8.1 per cent.

The DAX index fell 26.89, or 1.7 per cent on the day to 1,530.94. Paribas Capital Markets said that Deutsche Bank was reported to be downgrading BMW and Daimler by around 5 per cent and VW by 10-15 per cent; Dresdner said that it was recalculating its figures to incorporate exchange rate problems; and, in London, *James Capel put out a sell note* on BMW.

Turnover rose from DM4.9bn to DM5.1bn. Banks, again, held up much better than average. Deutsche Bank closed at DM656, down DM5.50 on the day and on the week. Even more interest rate-sensitive, Bayernhypo and Bayernverein rose another DM1 and DM1.50 to DM394 and DM411 respectively, up DM7 and DM4 on the past four days.

MADRID fell to its lowest level since December 1986 as foreign investors sold heavily following the reintroduction of currency controls on Wednesday. The general index lost 7.07 or 3.4 per cent to 198.15 while the Ibex was 3.8 per cent weaker. Turnover swelled to some Pta17bn.

Analysts agreed that there was a massive capital outflow as foreign institutions sold positions and traders were anticipating another choppy day today.

PARIS stabilised as pressure on the franc eased slightly after several days of turbulence. The CAC-40 index closed just 0.57 ahead at 1,829.50 after a day's high of 1,853.17.

Among the session's movers Lyonnaise des Eaux-Dumez lost FFr21 or 3.9 per cent to FFr510 after warning that second half earnings would be affected by weakness in the property sector. Lafarge Coppée gained FFr10 to FFr289 on better-than-expected figures while Michelin improved FFr5.50 to FFr201.50 following a meeting with analysts.

Saint-Louis closed down FFr55 or 4.7 per cent at FFr1,095 on a fall in first half earnings published after Wednesday's close.

MILAN fell victim to anxiety about interest rates, and a 2.58 rise to 367.12 in the Comit index was replaced by a 1.3 per cent drop, in lira terms, in the Italian component of the FT-SE Eurotrack 100 index in the London afternoon.

Sip, *after Wednesday's 14 per* cent increase in first half gross profits, fell L12.1 to L969.4 on worries that it could be hit by political wrangling over the future of the telecommunications sector, and the proposed 0.75 per cent tax on corporate net assets.

Fiat fixed L43 higher at L3,621, but retreated to L3,565 on the kerb ahead of more than halved pre-tax profits for the first half of 1992. Cir, Mr Carlo De Benedetti's *holding company*, tumbled L47.5, or 5 per cent to L904.3 on worries about the outlook for Olivetti, its *main* unit, which fixed L25 lower at L1,715 and fell to L1,680 on the kerb.

AMSTERDAM ended flat as a predicted further interest rate cut by the central bank failed to materialise. The CBS Tendency index closed unchanged at 113.1.

Nedlloyd finished down Fl 1.20 at Fl 35.50 with news coming during the session that Mr Torstein Hagen had won a court ruling enabling him to take his seat on the board of the transport group.

A negative analysts' meeting left DSM down Fl 2.70 at Fl 24.60 while news of improved prospects for Philips' CD-I system lifted the shares 40 cents to Fl 24.60.

VIENNA eased slightly as the impetus from Wednesday's cut in the money market intervention rate faded. The ATX index ended down 7.94 at 828.11. Vienna Airport went against the trend, rising Sch42 to Sch498 after reporting a 36 per cent increase in first half net profits.

STOCKHOLM scored a 16.8 per cent rise in the banks and finance index, encouraged by a government pledge to build a safety net under the country's shaky financial system.

S-E-Banken, which faces a SKr1bn loan exposure to the troubled bank holding group, Gota, was the day's winner, the restricted A rising SKr2 to SKr12.5. Handelsbanken B rose SKr3 to SKr26.

However, other shares were mixed to lower and the Affärsvälden General Index eased 0.30 to 708.90. Professionals noted, meanwhile, that the banks and finance index had fallen by more than 70 per cent this year before yesterday's recovery.

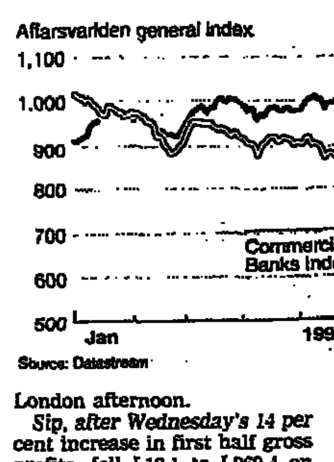
FT-SE Eurotrack 100 - Sep 24

Hourly changes							
Open	10.30am	11 am	12 pm	1 pm	2 pm	3 pm	close
1046.29	1045.30	1042.91	1042.02	1042.48	1042.51	1040.60	1041.31

Day's High 1047.51 Day's Low 1039.35

Sep 23	Sep 22	Sep 21	Sep 18	Sep 17
1043.77	1044.34	1050.43	1070.95	1058.13

Sweden



Source: Datastream

ASIA PACIFIC

Nikkei rises as higher yen prompts interest rate hopes

Tokyo

THE SURGE in the yen to a record high against the dollar raised hopes of lower interest rates, and shares advanced on active buying by investment trusts and dealers, *writes Emiko Terazono in Tokyo.*

The Nikkei average gained 327.23 at 18,609.95, having opened at the day's low of 18,325.64 and reaching a high of 18,701.95 in the afternoon.

Volume increased to 370m shares from 288m, although institutional investors said they were in no hurry to trade in large lots. Rises outnumbered falls by 703 to 303, with 139 issues unchanged. The Topix index of all first section stocks put on 15.02 to 1,381.18, and in London the ISE/Nikkei 50 index firmed 1.90 to 1,107.23.

The yen appreciated to Y119.83 against the dollar in *the morning session as the currency* turmoil in Europe prompted Japanese investors to liquidate European currency holdings. It closed at Y120.25 on position adjustments.

Hopes of an imminent discount rate cut by the Bank of Japan also sparked a rally on *the government bond market*, where the yield on the No 145 10-year benchmark bond fell 11 basis points to 4.79 per cent.

Potential beneficiaries of a higher yen and lower interest rates rallied, while exporters lost ground. Steels and shipbuilders were higher.

Among leading exporters, Hitachi lost Y13 to Y759 and Matsushita Electric Industrial Y60 to Y1,140. Toyota Motor receded Y20 to Y1,420 and Honda Motor fell Y80 to Y1,320.

A firm resource-related sector had Nippon Oil Y30 ahead at Y690 and Showa Shell Sekiyu up Y60 at Y1,370. Electric power companies gained ground, Tokyo Electric Power appreciating Y80 to Y2,800.

Individuals and dealers continued to trade speculative stocks. Mitsui Mining & Smelting, the most active issue of the day, climbed Y60 to Y523, reflecting reports of a gold mine discovery in southern Japan. Sumitomo Metal Mining moved ahead Y22 to Y764.

In Osaka, the OSE average rose 218.21 to 19,822.90 in volume of 40m shares.

Roundup

THE region's markets were mixed yesterday.

BANGKOK saw some profit-taking following a sharp rally over the past week as investors reacted positively to the formation of the new government. The SET index shed 7.76 to 863.61, while turnover soared to Bt20.5bn, only the second day that daily turnover has exceeded Bt20bn.

Bangkok Land and Krisda Mahanakorn retreated Bt4 and Bt14 respectively to Bt146 and Bt230.

AUSTRALIA recovered from early falls to end the day slightly higher on heavy Japanese buying of futures contracts. After declining 10 points initially, the All Ordinaries index closed a net 2.2 up at 1,507.2. Turnover was A$212m.

Westpac slipped 9 cents to A$2.91 after announcing that its A$1.2bn rights issue had closed with a 72 per cent shortfall. News Corp was up 22 cents at A$24.20 following a forecast of record earnings for 1992/93.

HONG KONG saw overseas selling as uncertainty about the future of the Colony's new airport soured sentiment. The Hang Seng index regained some ground in late trading to finish 53.91 down at 5,658.73, having earlier registered a 90-point fall. Turnover expanded to HK$1.96bn from Wednesday's HK$1.65bn.

MANILA saw dull trading and the composite index eased 1.13 to 1,386.42. Turnover jumped to 307.2m pesos from the previous day's 184m pesos.

SEOUL's early gains were eroded as political worries persisted. The composite index was finally off 1.00 at 523.35 in turnover of Won210.45bn. Some analysts said Daewoo Group shares were vulnerable and led other leading stocks down.

BOMBAY fell sharply on fears that today's meeting between brokers and officials of the Securities and Exchange Board of India (SEBI) could lead to a confrontation. The BSE index closed 51.79 lower at 3,246.96.

Bourse chiefs are expected to oppose SEBI moves, which include changing the composition of exchange boards to a 60 per cent portion of outside nominees and reducing settlement periods.

SOUTH AFRICA

INDEX-LINKED industrial and financial shares registered strong gains as unit trusts window-dressed portfolios before the end of the month. The industrial index rose 28 to 4,181 and the overall index was up 7 to 3,190. The gold index fell 10 to 907.

Caricom sets up investment fund

Companies in the region stand to benefit, writes **Canute James**

Caribbean Community (Caricom) governments are considering proposals from Crown Agents Assets Management, of the UK, and two Jamaican finance houses, for the management of a $50m investment fund for the region.

The British company, which manages investment funds and aid finance programmes in developing countries, is in competition with the ICWI Group, a financial services conglomerate, and the Trafalgar Development Bank, which has proposed itself as the lead partner in a consortium with foreign finance houses.

The three companies' proposals are being reviewed by a committee of regional central bankers and economists. They are expected to inform the community's heads of government of their decision next February.

Although it is seeking one fund, the community will allow more than one if companies provide adequate proposals on raising the capital and in meeting other conditions.

The community's members are the English-speaking countries of the region, including Belize in Central America, the Bahamas, and Guyana in South America. It has a cumulative market of 5.5m people and is attempting to create a customs union and a common market by 1994.

The community expects the fund to invest in equities in all member countries, with a portfolio which will cover listed and unlisted stocks, including unquoted companies wanting funds for expansion and likely to be listed on the stock market. Only three of the countries – Jamaica, Trinidad and Tobago, and Barbados – have stock markets, while the Guyana government is planning one. The fund will also invest in countries without a local stock market, including the smaller islands of the eastern Caribbean.

When it is established, the Caribbean investment fund will undertake equity investments in sectors such as export and domestic agriculture, tourism, construction, utilities, financial services and real estate development, but with more attention to those undertakings involved in exporting.

The fund will include ordinary shares, as well as warrants for up to 10 per cent of the capital, and these will be listed on an international stock exchange. Its shares will be placed mainly with institutional investors in developed countries which have a special interest in the Caribbean. Some placings will also be done in the Caribbean.

The fund will be particularly beneficial to the many companies in the region which have become highly geared and want to change their debt/equity structure. Its shares will be placed mainly with institutional investors in developed countries which have a special interest in the Caribbean.

Capital for the fund will be raised through private placings with institutional investors which, the Community governments hope, will ensure quick procurement and an early start. The Community feels that since the investments will take some time, all the capital does not have to be attracted at the start once there is an assurance of an ability to raise the full amount over two years.

The fund will be particularly beneficial to the many companies in the region which have become highly geared and want to change their debt/equity structure. Many have been dependent traditionally on loans for their expansion, and have had only moderate success in attracting equity capital.

The new fund will have many opportunities for investing in regional enterprises, with the governments of Jamaica, Trinidad and Tobago, and Guyana divesting themselves of several companies, and inviting foreign and local private sector participation.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY SEPTEMBER 23 1992								TUESDAY SEPTEMBER 22 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992 High	1992 Low	Year ago (approx)
Australia (68)	127.83	−1.1	110.93	97.04	99.79	117.58	−1.1	4.17	129.25	112.13	98.98	100.09	118.89	153.68	124.36	151.08
Austria (19)	159.82	+0.6	138.69	121.34	124.76	124.27	+1.1	2.35	158.93	137.88	121.71	123.08	122.90	186.70	139.27	181.21
Belgium (42)	139.82	−0.7	121.33	106.14	109.14	106.55	−0.4	5.78	140.86	122.20	107.87	109.08	106.99	152.27	135.87	127.91
Canada (114)	121.95	−1.0	105.82	92.58	95.19	109.72	+0.0	3.21	123.12	106.81	94.28	95.34	109.75	142.12	121.95	135.43
Denmark (33)	197.68	−2.0	171.54	150.08	154.32	156.14	−1.9	1.82	201.78	175.05	154.53	156.26	159.24	273.94	196.78	252.41
Finland (15)	52.84	−2.0	45.86	40.12	41.25	52.57	−0.8	2.69	53.94	46.79	41.31	41.77	52.98	89.80	52.84	88.82
France (102)	156.65	−0.7	135.94	118.92	122.28	125.87	−0.3	3.57	157.69	136.80	120.75	122.10	126.21	168.75	148.06	143.10
Germany (64)	113.64	−0.6	98.61	86.28	88.70	88.70	+0.2	2.58	114.34	99.20	87.58	88.54	88.54	129.69	111.97	110.73
Hong Kong (53)	236.82	−0.8	205.50	179.78	184.87	235.01	−0.8	3.65	238.70	207.08	182.80	184.86	236.91	259.55	176.36	162.07
Ireland (16)	150.46	−3.3	130.56	114.22	117.45	121.67	−1.3	4.44	155.60	134.99	119.16	120.50	123.31	173.71	145.54	160.08
Italy (78)	50.36	−2.2	43.70	38.23	39.31	47.36	−1.1	4.40	51.50	44.68	39.44	39.88	47.90	80.86	49.25	72.15
Japan (473)	113.95	+0.9	98.88	86.50	88.96	86.50	+0.0	0.98	112.96	97.99	86.50	87.49	86.50	140.95	87.27	134.26
Malaysia (69)	241.91	+0.1	209.92	183.64	188.83	233.90	+0.2	2.82	241.71	209.69	185.10	187.17	233.33	250.47	212.49	197.72
Mexico (13)	1202.04	−2.0	1043.10	912.55	938.34	4092.56	−1.4	1.47	1226.45	1063.97	939.23	949.75	4149.53	1789.77	1202.04	1185.55
Netherland (25)	161.65	−0.8	140.27	122.72	126.19	124.54	+0.2	4.55	163.01	141.41	124.83	126.23	124.28	167.29	147.88	139.10
New Zealand (14)	42.34	+0.2	36.74	32.14	33.05	41.74	−0.1	5.30	42.25	36.65	32.36	32.72	41.79	48.52	41.90	45.57
Norway (22)	143.40	+0.8	124.44	108.87	111.95	117.61	+1.2	2.06	142.27	123.42	108.96	110.17	116.25	192.95	136.40	197.64
Singapore (38)	183.56	+0.0	159.29	139.36	143.29	135.84	+0.2	2.42	183.51	159.20	140.53	142.10	135.43	229.63	180.71	190.61
South Africa (61)	175.38	−0.5	152.19	133.14	136.90	155.96	+0.3	3.27	176.21	152.88	134.94	136.45	155.45	263.60	175.03	249.24
Spain (48)	123.77	+3.0	107.41	93.97	96.62	95.50	−1.2	6.26	120.20	104.27	92.05	93.08	96.70	161.72	120.20	158.55
Sweden (30)	159.93	−3.8	138.79	121.42	124.85	132.77	−3.5	3.10	166.24	144.21	127.31	128.73	137.63	200.28	159.93	193.54
Switzerland (60)	117.50	+0.0	101.96	89.21	91.73	95.39	+0.5	2.24	117.56	101.98	90.03	91.05	94.89	118.45	95.99	93.39
United Kingdom (228)	174.50	−0.2	151.42	132.48	136.20	151.42	−0.2	4.86	174.88	151.71	133.91	135.41	151.71	200.07	165.85	181.06
USA (522)	170.22	+0.1	147.72	129.23	132.89	170.22	+0.1	2.98	170.09	147.56	130.26	131.72	170.09	173.39	160.92	157.23
Europe (782)	140.73	−0.5	122.12	106.84	109.86	116.13	−0.2	4.08	141.38	122.65	108.27	109.49	116.41	156.88	138.52	142.07
Nordic (100)	147.29	−2.6	127.82	111.82	114.98	115.90	−2.6	2.58	151.56	131.48	116.06	117.36	118.98	186.52	147.29	186.75
Pacific Basin (715)	117.95	+0.7	102.35	89.55	92.08	91.56	−0.1	1.31	117.15	101.63	89.72	90.72	91.63	141.97	93.70	135.04
Euro - Pacific (1497)	127.17	+0.2	110.35	96.54	99.27	101.57	−0.2	2.55	126.96	110.14	97.22	98.31	101.73	145.21	113.80	138.17
North America (636)	167.21	+0.0	145.10	126.96	130.55	166.10	+0.1	2.99	167.16	145.01	128.03	129.47	165.98	170.49	158.70	155.82
Europe Ex. UK (554)	120.25	−0.6	104.35	91.31	93.89	96.52	−0.3	3.51	121.01	104.98	92.69	93.73	96.79	132.98	119.63	118.99
Pacific Ex. Japan (242)	157.18	−0.7	136.40	119.34	122.71	141.83	−0.7	3.69	158.26	137.29	121.22	122.57	142.79	175.31	149.00	142.69
World Ex. US (1690)	128.10	+0.1	111.17	97.26	100.01	103.45	−0.2	2.57	127.97	111.02	98.01	99.10	103.61	146.91	116.18	139.88
World Ex. UK (1984)	138.19	+0.1	119.92	104.92	107.88	121.26	+0.0	2.49	138.01	119.72	105.69	106.88	121.31	150.58	127.21	141.23
World Ex. So. Af. (2151)	141.20	+0.1	122.53	107.20	110.23	123.67	−0.1	2.73	141.06	122.37	108.03	109.24	123.76	153.05	130.04	144.00
World Ex. Japan (1739)	157.20	−0.2	136.41	119.35	122.73	145.55	−0.1	3.40	157.51	136.64	120.63	121.99	145.67	165.40	153.20	151.60
The World Index (2212)	141.34	+0.1	122.65	107.30	110.34	123.99	−0.1	2.74	141.21	122.50	108.14	109.36	124.08	153.70	130.66	144.69

Latest prices were unavailable for this edition. Japanese market closed September 23.

VENTURE CAPITAL

The industry's focus is narrowing

The swashbuckling days of the venture capital industry are long past. The shift now towards larger deals and the emphasis on buy-outs means that even the largest venture capital firms are being forced into alliances, writes **Charles Batchelor**

VENTURE CAPITAL is dead. Long live private equity. The strength of the recession together with structural changes in the venture capital industry have combined to bury the notion that the US venture capital model could be exported to Europe in its original form.

It is being replaced by a range of equity investments which frequently owe more to the corporate finance skills of the merchant banker than to the hands-on, industry-wise expertise of the early US venture capitalists. It is not a risk-free activity but it seeks a more stable investment climate than that required by the venture capital pioneers who backed Genentech, Microsoft and Apple Computer.

In the UK, the most innovative European venture capital market, the dominance of management buy-outs and later stage, development capital investments is so complete that an early swing back to start-ups or early stage funding appears unlikely.

"There was a *naive* belief that the US model could be repeated in the UK," says Mr Ian Hawkins of Phildrew Ventures. "But, you are talking about a much smaller economy with much longer lead times for companies to get established."

This narrowing of the focus of the venture capital industry has yet to become fully apparent because many of the funds which have been unable to raise further finance have simply gone quiet, managing their portfolios on a "caretaker" basis. There is evidence though of an increasing casualty rate among the early stage players, the poor performers and the peripheral funds for which venture capital was not a mainstream activity.

Even the large funds which remain have been reducing the scale of activity in tricky and less profitable areas of start-ups and technology businesses. They now concentrate on buy-outs and on helping established, profitable companies expand.

"There is a successful (UK) development capital industry, but how do we address the early stage and seed capital investments?" asks Mr John Hustler, venture capital partner at accountants KPMG Peat Marwick. "Venture capital has been good for part of the funding gap."

The structural changes now under way in UK venture capital provide a sombre backcloth for the government's declared enthusiasm for the industry. Mr Norman Lamont, the chancellor, noted approvingly in his 1992 budget speech that Britain had a venture capital industry "the equal of that anywhere in the world, outside the US."

Yet his remarks came at a time when the industry was retreating from backing the small companies which formed the core of he government's enterprise drive during the 1980s. His comments also highlighted a discrepancy between stated government aims and its policies towards venture capital.

The abolition of the Business Expansion Scheme from the end of 1993 will remove a tax-based initiative with the potential (never quite realised) to help small firms raise equity. There are already calls for a replacement for the BES to be devised but the government has shown a marked aversion to tax-based incentives of this kind or of any pump-priming help for the venture capital industry generally.

Amid the gloom there are signs that the smaller investments, those which are uneconomic for the larger venture capital houses are being taken over by small, local venture firms and groups of private investors or "business angels." The local venture capitalists frequently have the financial backing of a local authority or its pension fund or organisations such as enterprise agencies and Training and Enterprise Councils.

There is some evidence that wealthy private individuals, usually with a business background, are backing small firms, either individually or as part of small syndicates. In the US, business angels are thought to provide two or three times as much finance as the formal venture capital industry. The UK government is currently sponsoring five pilot schemes to see how this idea could be developed.

At the same time, attempts are continuing to make small scale venture investments work. Midland Bank has unveiled a scheme to provide equity finance to promising business customers while 3i is experimenting with initiatives to cut the cost of small investments and to involve local business support agencies in selecting companies to back.

AGAINST the background of these structural changes, the venture capitalists have to continue to earn their management fees. UK venture capital companies invested £1.15bn in 1991, a decline of 17 per cent on the year before, while the number of companies backed fell by 11 per cent to 1,386, according to the British Venture Capital Association. Funds raised also fell sharply, to just £276m from £832m in 1990. The extent of these declines is not quite as bad as it first seems because they suffer from comparison with the late 1980s when the statistics were inflated by a small number of very large management buy-outs and buy-ins. Even so, some venture capitalists expect a further contraction of the UK industry this year.

With the recession less marked in continental Europe, European venture firms (including those in the UK) increased investments by 12 per cent to Ecu4.6bn (£3.2bn). The strongest growth occurred in France, Italy and Spain though Britain remained the largest single market. Continental fund raising also increased, by 14 per cent to Ecu2.9bn. In the US, meanwhile, fund-raising fell for the fourth year running in 1991 to $1.27bn, according to Venture Economics, a specialist publisher. Investment levels fell to a 10-year low of $1.36bn.

But even recessions have their silver lining and the present economic climate is a good one for making investments. Deals are more reasonably priced though they frequently require far more work on the part of the venture capitalist to bring together a good management team, finance and, sometimes, a corporate partner, says David Wansbrough of ECI Ventures.

The shift towards larger deals and the emphasis on buy-outs has meant that even the largest venture capital firms are being forced into alliances. Companies disposing of parts of their business by way of a buy-out increasingly want to deal with a financial purchaser rather than a management team. At the same time many venture capitalists have grown wary of participating in large syndicates.

It is this trend towards "bought deals" which has led to 3i, the largest UK venture capital group, joining forces with Prudential Venture Managers to underwrite medium and large management buy-outs. Legal & General, a life assurance group which makes direct venture capital investments, meanwhile, has announced plans to seek co-investors to provide half the finance for a series of new funds which would raise £100m a year over the next few years.

Even the bank-owned "captive" funds have begun to consider raising outside finance. This has the additional advantage for them of avoiding the need to take the investee companies onto their books as operating subsidiaries – "I would guess that we would raise capital in the market place in about three years," says Mr David Shaw, managing director of County NatWest Ventures, part of National Westminster Bank.

RECENT events have shown it is not only the independent funds, dependent on outside capital, which are vulnerable to swings in investor sentiment. Hill Samuel, part of the TSB banking group, decided earlier this year to pull out of direct venture capital investments in order to concentrate on activities with a quicker return. Most banks have made large provisions for loan losses and there can be few which have not looked at their venture capital activities, as well as their other operations, to see if they were worth continuing.

Much of the heart-searching which the venture capital industry is going through is the result of the unexpectedly poor performance of many funds. Early promises of high returns have not been fulfilled, particularly by funds which invested at the peak of the economic cycle in 1988-89.

Yet, until recently, no serious attempt had been made to establish a standardised method of valuing companies or of judging the performance of funds. Valuation guidelines have now been agreed in the UK and in continental Europe and work has started on comparable performance measures. This is further evidence that the swashbuckling early days of the venture industry are long past.

Award winner: Adrian Breger at Breger Gibson's production plant at Holywell, Clwyd, in north Wales

Venturer of the Year Award

Success in a highly competitive market

REPORT BY RHYS DAVID

WHEN THEY first met seven years ago, Adrian Breger (pictured left) was production director of a medical and hygienic disposables company, and Jamie Gibson the finance director of a children's clothing manufacturing company, struggling against low-priced imports.

Today, they are the joint managing directors of their own company employing around 310 people in Holywell, Clwyd, with a turnover in 1991-2 of £24m, making disposable nappies in competition with some of the largest multinational corporations.

They have the satisfaction, too, of being chosen as the third overall winners of the Venturer of the Year Award, sponsored by the Financial Times, Cartier, the jewellers, and the British Venture Capital Association. The award, now in its third year, is for the individual who has made the best use of venture capital funds.

Disposable nappies have been a fast-growing sector in recent years, replacing terry nappies in all developed markets, including the UK, where the traditional product is now

☐ Continued on page 2

PLAYERS UNDER PRESSURE

Shake-out continues

THE BRITISH venture capital industry faces a further round of closures and restructuring as it adapts to the tougher operating conditions of the 1990s. So far, the contraction of the sector has gone largely unnoticed as funds move from active investing to managing their portfolios on a "care and maintenance" basis though there has been a growing number of more public discomfitures.

Optimists in the industry regard the shake-out as an inevitable result of the recession and the stage of maturity that the industry has reached. Pessimists fear a further narrowing of the industry's focus – on buy-outs and development capital – and permanent damage to the less fashionable sectors such as seed funding and start-ups.

"The industry will shrink to a core group of half a dozen 'broad brush' players alongside a number of *niche* funds," says Mr David Wansbrough of ECI Ventures.

"The weaker management teams with a poor track record and no deal-flow will decline to looking after the rump of their portfolios," comments Ian Hawkins of Phildrew Ventures.

"That will concentrate activity among fewer funds. But venture capital is still a young, cyclical industry."

Four key factors are presently at work, taking their toll of some of the marginal players. Their influence is likely to become more rather than less-pronounced over the next two tothree years.

☐ Firstly, those funds which have not performed well will be unable to raise further rounds of finance. Funds which invested heavily at the top of the market in 1988-89 in particular are showing very poor returns and may be swept from the board.

☐ Secondly, funds which have proved unable to manage problem portfolios will find themselves shut out of future syndication deals. Some venture capitalists have been deeply disillusioned by deal leaders who lacked the skills to help out their portfolio companies when they ran into difficulties. Co-investors found themselves called in to help sort out the problems which should have been dealt with by the deal leader.

The more active players are now unwilling to take part in large syndicates and prefer either to take the entire deal onto their own book or to put together small syndicates consisting only of other venture funds they can trust.

☐ Thirdly, valuation guidelines introduced two years ago by the British Venture Capital Association have exposed a number of funds with imprudent valuation procedures.

☐ Finally, both the British and the European Venture Capital Associations are working on standardised measures of performance of venture capital portfolios. These projects are at a very early stage and are not intended to allow the direct comparison of the performance of different funds. Inevitably though, they will shed more light on performance and weed out the less successful.

AT THE seed and early-stage capital end of the market, Oxford Seedcorn Ventures and JMI have both ceased making new investments and are now managing their portfolios on a caretaker basis. Other small players such as Birmingham Technology Venture Capital are almost fully invested while the recently privatised British Technology Group says its venture capital activities, never in the mainstream of the business, will be even less important in future.

An ambitious attempt by Midland Bank to establish a nationwide network of regional funds has fallen foul of investor caution and initial plans for 11 funds with £55m available for investment have been delayed. Midland was hopeful of launching two of the funds, covering the east Midlands and Yorkshire and Humberside this month but there is no immediate prospect of the others getting off the ground. However, Midland also has plans to provide small amounts of equity – of between £50,000 and £750,000 – to suitable banking customers through a separate Growth Capital initiative.

Despite Midland's difficulties there is growing evidence that many of the smaller deals are being financed in the regions by small local funds, often with backing from the local authority, its pension fund or a business support organisation such as an enterprise agency or a Training and Enterprise Council. These organisations usually combine social with commercial objectives.

There are also signs that "business angels," private investors usually with a business background, are providing more funds to early stage ventures on a local basis. Angels are sizeable providers of funds in the US. Local funds and business angels both represent low-cost alternatives to the larger venture capital funds which often have central London offices and highly-paid teams of executives to support.

The largest single provider of small amounts of equity capital in recent years has been 3i, currently preparing for a public listing in the form of an approved investment trust. 3i's flotation plans have caused some concern in the industry that institutions would channel all their venture capital investments through 3i, cutting out the smaller venture funds.

There are also fears that pressure for dividends will force 3i to reduce investments in smaller, riskier companies. Twice postponed because of the seriousness of the recession, the listing is now planned for 1993.

THE SHAKE-OUT is concentrated on the smaller players but even well-established firms have been hit by investments which have turned sour. Sumit Equity Ventures, a Midlands venture group with more than £40m under management, was bought out by Schroder Ventures and Lyndsay Bury, a founder of Apricot Computers, after a sharp drop in the net asset value of one of its funds.

Drayton Consolidated, meanwhile, became the latest investment trust specialising in unquoted investments to be forced into making a savage write-offs on its portfolio.

Drayton wrote off more than half the value of its unlisted assets – from £87m to £40m – in the six months ended March 1992.

Until recently the general assumption in the industry had been that the independent funds, which raise capital from outside investors, would be most vulnerable in a shake-out. But the sudden decision by Hill Samuel, the hard-pressed merchant banking arm of the TSB group, to put its development capital arm up for sale, raised questions over the position of the "captives," funds owned by the banks or large institutions.

The decision to sell – Foreign & Colonial Ventures later took over management of the portfolio – reflected a head office decision to concentrate on activities with a shorter pay-off time than development capital, rather than any problems at Hill Samuel Development Capital itself. But with all the main clearing banks sitting on large loan provisions, there is little doubt that they have been looking at all their non-core businesses, including venture capital.

The result of all these developments is that a smaller, more profitable – but less diverse – venture capital industry seems set to emerge over the next few years.

Charles Batchelor

How winners financed expansion plans

☐ Continued from page 1

down to 15 per cent.

Despite the dominance, however, of groups such as Proctor & Gamble (which is estimated to have about 60 per cent of the UK market through Pampers), and the Swedish group, Molnlycke (which owns the other big brand, Peaudouce), Breger and Gibson were convinced there was a profitable niche for a manufacturer able to supply a high quality product to the own-label market.

Their vision was backed with an initial loan of £225,000 by 3i in Manchester, which recognised the two men's complementary strengths. A further £1.7m to finance equipment purchases came from the Christiania Bank of Norway, enabling production to begin in August 1986.

By 1989, with the company growing fast, further funding was needed to purchase new production lines and to enlarge the premises.

3i subscribed for nearly £1m of share capital with a private backer, Michael Innes, a former school friend of Jamie Gibson, also taking a substantial equity stake, and the role of non-executive chairman.

At the same time, loan finance was provided at favourable rates by the ECSC because of the contribution the company could make to employment in a part of north-east Wales hit by steel, textile and other closures.

New loans totalling £1.84m were provided again last year by Christiania, ECSC, and Hill Samuel, again mainly to finance new machinery.

Because of the delicate task it has to perform, the nappy requires continuing high levels of performance, and what appears to have won for the company increasing sales and a growing share of the market, while some other small companies have disappeared, has been its ability to keep up, and, in some cases, surpass the bigger groups in technical innovation.

Though basically a cellulose-based pad of fluffed paper, sandwiched between an outer cover of polythene and an inner sheet (or coverstock) of spun-bonded polypropylene, the disposable nappy has been subject to several thousand worldwide patents and to big courtroom confrontations between the big groups over alleged infringements of each other's trade secrets.

According to Breger, a 53-year-old South African who came to Britain 20 years ago, Breger Gibson has avoided becoming embroiled in these disputes by using only proprietary technology, developed in conjunction with its suppliers.

Innovations include an internal waistband system, a cuff to prevent leakage, and a special design for the different anatomies of boys and girls – a gender specific window in nappyspeak.

The company's initial breakthrough in 1986 was a contract to supply a budget chemist private label brand, followed by deals with Toys 'R Us and other stores. Important clients now include Asda, J. Sainsbury, Tesco, Gateway, Safeway, Mothercare, and Aldi, taking the company to around a 40 per cent share of the own label sector and 8 per cent of the market overall.

Profits to date, and hence the return to investors, have been relatively modest with the company only managing £1.1m profits pre-tax last year. With several years of heavy capital investment and research behind it, however, the company is hoping for improvement over the next few years. When its new fourth line is fully operational shortly, total capacity will be in excess of 5m nappies a week.

A full list of the Venturer Award category winners for 1992 appears on page eight of this survey

Development is also nearing completion on an innovation which could be of considerable significance. Space is running out in landfill sites in the US and elsewhere, and the disposable nappy has for some time been under attack from environmentalists because of the numbers involved, the product's bulkiness – and its content. As a result, a race is on among manufacturers to develop a biodegradeable product which will reduce disposal problems. Breger Gibson claims to be well on the way to a solution, and believes this could offer it the opportunity to increase greatly its market share.

With the UK market's growth likely to slow as terry substitution ceases, the company is also planning to move into export markets, where its presence has so far been limited – "we concentrated initially on the home market where import penetration was as high as 70 per cent. Europe now offers excellent opportunities for growth," 46-year-old Gibson points out.

Yet, while the company has been successful to date, there are risks in being a small fish in a big pool. What would happen, as one of the award judges questioned, if P&G decided that Messrs B&G "were eating their lunch"?

Jamie Gibson does not under-estimate the determination or resources which P&G, which has itself built a new nappy factory in Manchester, could throw into a battle with the company. Kimberley Clark, number two in the US, is also building a plant in the northeast of England, possibly prior to entering the European market. Gibson points out, however, that as it presently stands, the British market, is unbalanced and smaller rivals are needed to avoid the creation of a monopoly.

P&G, too, has traditionally not supplied Breger Gibson's chosen area, the own label market which research findings suggest will continue to grow at the expense of brands.

Breger Gibson itself has a small branded range, but this is unlikely to be developed substantially because of the huge marketing costs.

By contrast, because they can achieve a higher mark-up on own-label goods, the big supermarket chains have been happy, according to Gibson, to promote these against rival products, offering Breger Gibson nappies prime positions in-store and supporting them with advertising.

The next stage of Breger Gibson's expansion, using a 20-acre site around the existing plant, will be a move into other product areas to lessen dependence on nappies. Though no decisions have yet been made, it is likely the company will turn its attention to the incontinence market – growing as the population of Europe ages – and to feminine hygiene products.

In these areas, too, the objective will be to develop proprietary products competing on performance and quality.

INVESTORS

Institutions impose tougher terms

THE institutional investors, whose money funds the venture capital industry, are enjoying their new-found power. After spending much of the 1980s feeling they were being taken for granted, they now find themselves being courted by venture capitalists desperate to raise new funds.

Frequently the institutions' response has been to refuse any further money until they have evidence of the venture capitalist's performance. But they have also used the shift in the balance of power to impose tougher terms on the venture funds.

Most investors now expect their venture fund managers to jump a performance hurdle before they can earn their carried interest; management fees have come under pressure; and valuation guidelines have been introduced with the prospect of performance measures to follow shortly, *(see page four: Painful adjustments to be made)*.

Institutions are now seeking to improve the way venture capitalists manage their portfolios

The institutions have established a forum for discussing their concerns about venture capital in the Venture Investors Circle. This was set up in 1987 to give investors a single voice when dealing with the British Venture Capital Association, which speaks for the venture capitalists.

The investors' circle now numbers about 25 fund managers who meet quarterly.

Increasingly, the institutions are making their own direct investments. Some, like Legal & General, a life assurance company, do all their venture capital investing this way.

Others, like Postel Investment Management, which handles £20bn of investments for four Post Office and BT pension funds, have established direct investment teams as well as continuing to invest through funds.

Postel initially took the view that it would be difficult to incorporate a venture capital team in the salary structure of a large institution. But in the past two years it has set up Postel Development Capital to make direct investments. Starting with a rump of unquoted investments transferred from other Postel funds, the four-person team now manages an £85m portfolio alongside the £175m which Postel has invested through funds.

"It gives us a different perspective and allows us to get a bigger return on our investments because we don't have to pay the venture capitalist's carried interest (20 per cent of the profit) or his management fee," says Mr John Brakell, in charge of fund investments.

Growing dissatisfaction with the returns delivered by the venture capital industry has meant that even when institutions continue to invest through funds they have become more selective. Postel expects to invest in two UK funds a year compared with half a dozen funds a year in the late 1980s.

Having achieved an improvement in the terms under which they invest through funds, the institutions are now seeking to improve the way venture capitalists manage their portfolios.

"It is time for venture fund managers to concentrate on maximising the value of their investments," comments Mr Rhoddy Swire, chairman of Pantheon Ventures (formerly GT Venture Management) which manages $450m on behalf of institutions.

Pantheon, which selects venture funds for institutions in the manner of the "gatekeeper" funds common in the US, believes UK venture capitalists prop up investee companies for too long, often pouring in good money after bad.

Venture capitalists whose fees depend on the value of assets under management are sometimes reluctant to write down poorly performing companies, he says.

This call for more active portfolio management is echoed by Mr John Hustler, venture capital partner at accountants KPMG Peat Marwick: "Managers should spend more time on the middle-ranking performers in their portfolios instead of concentrating on the high-flyers and the poor performers," he says.

"They need to be more active in selling and merging companies."

Postel's Mr Brakell believes that UK venture capitalists should emulate their US counterparts in looking more actively for "exits" from their investments.

"Managers get too attached to their companies and think they can make more profit if they wait a bit longer. They should focus more on achieving a return from their investment."

Many investors take the view that if venture capitalists spent more time improving the performance of their existing portfolios instead of attempting to raise new funds as soon as they were fully invested they would have an easier time raising money at a later date.

"They make a sacred cow of their deal-flow," says Mr Ray Maxwell of Postel. "They fear that if they don't have any cash to invest it will dry up. They need to take a pause; deals would return once they raised new funds."

Some of the larger funds must keep raising new money to cover their overhead costs, he notes.

At the same time as they are increasing their pressure for better fund performance, institutional investors are also pressing for a uniform method of measuring performance. A start is being made at devising performance measures in the UK and in continental Europe.

Ironically, while an early concern of investors was that venture capitalists might be valuing their investments too generously, some now fear that the pendulum has swung too far the other way.

A start is being made at devising performance measures in the UK and in continental Europe

Venture capitalists have been so cautious in their valuations that the industry now appears to many outsiders to be performing far worse than it actually is.

This is bad news for the venture capitalists who have to report back to their investors and the fund managers who have to report back to their management committees and their trustees.

"We would like a slightly earlier recognition of value in portfolio companies," says Mr Brakell. "There was a significant over-reaction to the economic climate in 1991. We are concerned that this will discourage investment completely. We don't seek optimistic valuations, but we want realistic ones."

The British Venture Capital Association is keen to encourage its members to tell investors the difference between their internal valuations and the price achieved when investments are floated or sold.

Because internal valuations contain large discounts for illiquidity and no account is taken of the premium which a buyer might be ready to pay for control, they frequently under-state values by a considerable margin.

The institutions have made big strides in making the venture capitalists more accountable in recent years.

But there is some concern that the measures which have been taken to curb early excesses may now be damaging the soundly managed parts of the industry.

Charles Batchelor

THE BANKS

Larger deals shrink by number and value

WITH the UK economy sunk in gloom, the number of banks among the players in the UK venture capital market has dwindled to a relatively select band. For those that persist, there are still some pickings, but by the standards of the 1980s they are pretty meagre.

Perhaps because there are fewer players fighting to share the cake, banks generally agree that there is still a fair flow of business, despite the recession. But there are clear signs of change.

Larger deals have shrunk by number and value – "it is a very difficult year. There is quite a lot of activity at the smaller or mid-corporate end, but very little activity in the large transactions," says Mr David Scholl, managing director of County NatWest Venture Capital.

"We are investing about 80 or 90 per cent of what we did in the heyday of the market, but now we do more transactions at £5m or £10m or £20m and there are not many of £50m or £100m," says Mr Scholl.

Mr Gordon Bonniman, managing director of the venture capital division of Charterhouse, the merchant banking arm of the Royal Bank of Scotland says: "The market has been sorting itself out. There have been relatively few buy-outs. The criteria for returns have certainly come down from the hysterical levels of the late 1980s."

This year, Charterhouse handled the privatisation of the Medway ports – "at £40m, it was not a small deal, but in 1988 or 1989, it would not have rated as a large buy-out," says Mr Bonniman.

Development capital deals are enjoying a resurgence. "Companies may have soldiered on and survived the recession, but they perhaps need to reduce their borrowing in order to take advantage of opportunities. Additional capital can be used to finance plant and equipment," says Mr Hollidge.

Among the banks still active, Lloyds, and Royal Bank of Scotland, (through Charterhouse), have kept up an entrepreneurial interest in the venture capital market in the early 1990s.

Lloyds maintains regional offices in Leeds and Birmingham to spot opportunities, and says that a presence in the regions remains a priority.

"We have learned our lessons from two or three years ago and are were not looking nowadays to pay high prices for the businesses we invest in. Rather, we try to ensure that we put conservative financial structures in place," says Mr Hollidge managing director at Lloyds Bank Development Capital.

ONE striking feature has been the withdrawal of foreign banks which used to play a role in creating some of the sell-down liquidity for some arranging banks.

"The foreign banks have closed-up shop. That must be an object lesson about fair-weather friends," says one UK banker. The remaining bank players tend to be much more cautious – "we've learned the lessons of the last two or three years and are not looking to pay high prices for the businesses we invest in. And we do want to ensure that we put conservative financial structures in place. Corporate vendors on the other hand often tend to be looking to divest, but are still expecting very high prices," says Mr Hollidge.

Chris Gammon, executive corporate manager at Baronsmead which invests funds on behalf of Barclays bank, says: "We invest in businesses with a turnover of between £1m and £20m, usually putting in between £100,000 and £750,000. In general, we're looking for profitable companies with an established track record. We have about 30 investments in the portfolio with an average size of about £400,000."

The receiver's office may also be a source of business – "we only look at the profitable parts which were dragged down by cross-guarantees. We are loth to look at a parent company which has gone into receivership," says Mr Gammon.

Baronsmead has helped in the buy-out of a small airline from part of the ILG the leisure group which collapsed in the spring of 1991. Lloyds, too, has handled two or three receivership transactions this year. Most are MBOs, though Lloyds says that the deals tend to be "bimbos" (buy-in and buy-out) involving a combination of the existing management and the injection of new management.

"We would ask why a business has gone into receivership. Perhaps it had an over-geared financial structure and a management which has consistently failed to perform," says Mr Hollidge. Sectors which do not seem to offer profit opportunities are property and financial services. "We have tried to analyse our successes and failures in terms of what is good for us. Distribution businesses have been very good, and manufacturing generally has a good track record, for example in engineering. But retailers are still having a very hard time and things are difficult for some specialist sectors like printing," says Mr Hollidge.

Support often takes the form of beefing up the management team. County NatWest keeps a data base of good managers suitable for parachuting into companies.

"We receive CVs every day from managers interested in getting involved in venture-backed business," says Mr Scholl.

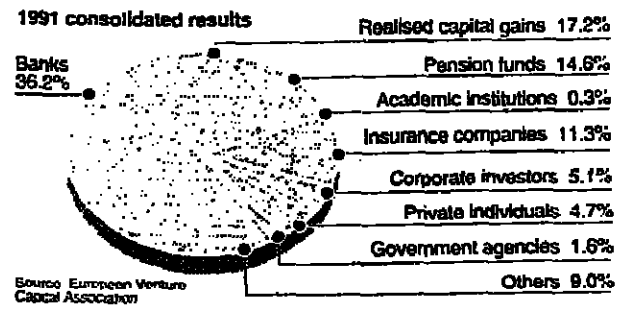
Baronsmead says that it will only put managers in if they help the company concerned grow and manage its expansion. It prefers to agree the budget for the year with the company and act as a sounding board for plans for expansion.

"We are designing more conservative packages for those companies we do take up, partly because the banks are not willing to put up more leverage than they did previously but also because we are not sure when the recession will end and we don't want more exposure. We like to think we are laying the foundations for tomorrow's good businesses and a platform for profits in the mid-1990s," Mr Scholl says.

David Barchard

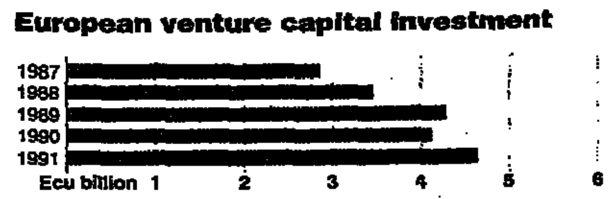
Sources of new European funds

1991 consolidated results

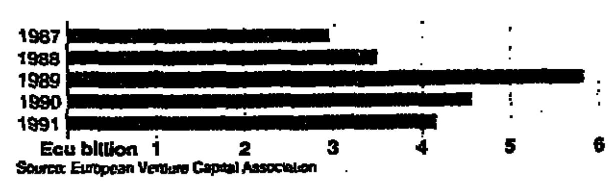


Source: European Venture Capital Association

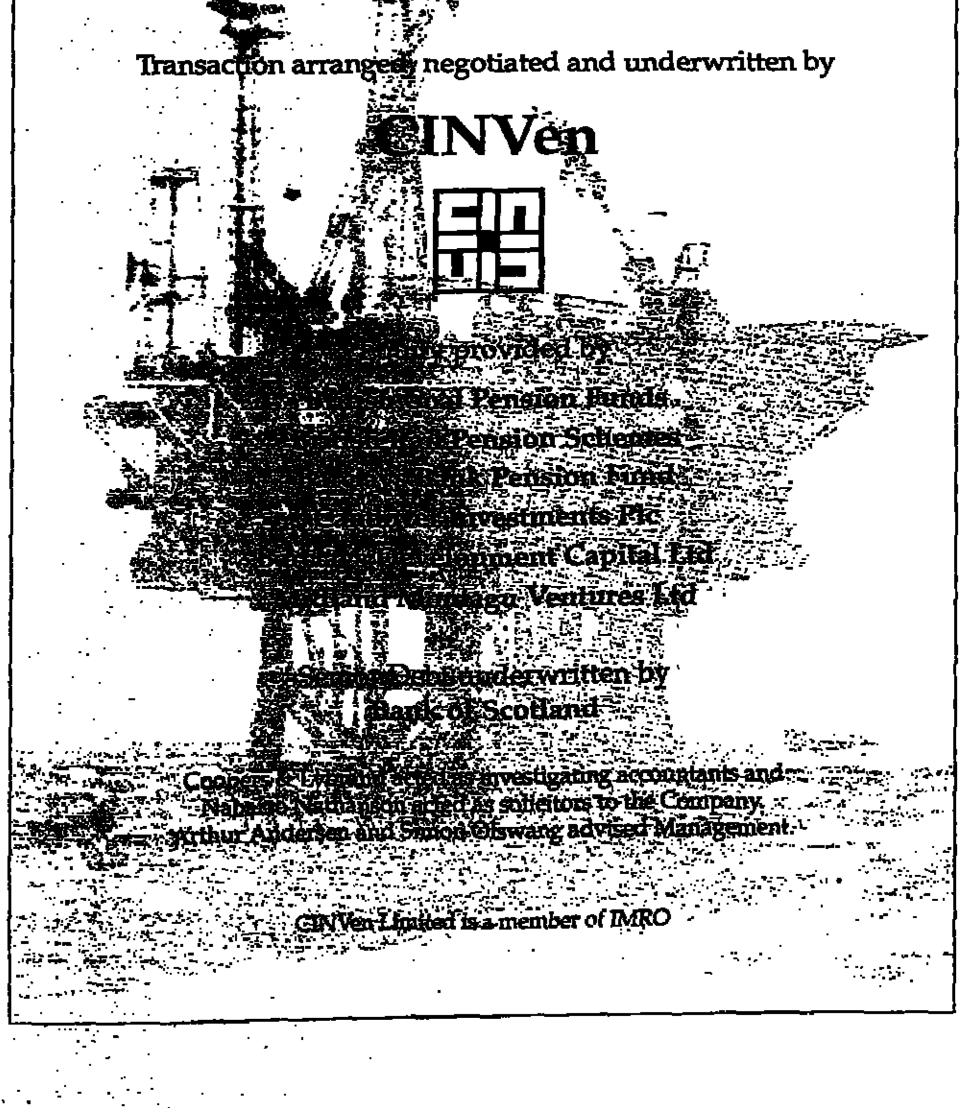
European venture capital investment



New funds raised



Source: European Venture Capital Association



VENTURE CAPITAL 4

VALUATION AND PERFORMANCE MEASURES

Painful adjustments may be needed

THE EUROPEAN venture capital industry is adjusting to the idea of performance measures with the dogged determination of the patient aware that a rather bitter medicine will do him good. While many venture capitalists remain cautious of the validity of interim valuations, pressure from investors is forcing them to be more open about their performance.

Four years after the publication of the first comparative study of venture capital performance in the US, the British Venture Capital Association (BVCA) has begun a pilot study of fund performance while the European Venture Capital Association is engaged in a similar project in continental Europe. The Dutch venture capital industry produced its first annual study of the performance of "realised" investments last year while a small study of French venture funds has also been completed.

Interest in valuation and performance measures has been fuelled by the resistance venture capitalists have encountered in raising new funds. Institutional investors have seen their hopes of high returns from venture capital dashed and have become reluctant to commit more money.

If venture capital is to establish itself as a separate asset class in the minds of institutional fund managers it must be able to provide an objective measure of performance. At present, venture capital investments are often lumped together with "cash" or "other investments," notes Mr Robert Drummond, BVCA chairman.

A standardised performance measure will allow investors to compare the performance of their funds with other funds of the same vintage, says Mr John Hustler, a partner in accountants KPMG Peat Marwick. It will also allow the comparison of venture capital with other forms of investment such as equities and bonds and will strengthen the hand of the industry when lobbying government, he adds.

"It is incredibly important for the industry in Europe to focus on performance," says Mr Rhoddy Swire, chairman of Pantheon Ventures (formerly GT Venture Management). "We get much more open reports from the US."

The only true measure of performance comes when an investee company is sold or floated. But by putting the spotlight on performance the industry will help managers concentrate on the need to

In the long-term, the valuation and performance information can only benefit the venture capital industry

achieve "exits" for their investments. In the past, UK venture managers have sometimes appeared reluctant to seek an exit, he says.

In the US, the annual Investment Benchmarks Report, compiled by Venture Economics, a specialist consultancy, measures the implied internal rate of return (IRR) to the limited partners in venture funds by year of fund formation or "vintage." The first study in 1988 analysed 175 funds. The 1992 study compared 403 funds which had been established between 1969 and 1990.

In the UK, the BVCA has begun a pilot study of six funds also aimed at comparing performance by vintage year. It hopes to have the first results by the middle of next year. Despite these efforts considerable suspicion remains that crude performance comparisons might work to the disadvantage of funds investing in early-stage companies which take longer to generate returns.

"What is difficult is ensuring that the different fund structures and types of performance are recognised," says Mr Ian Hawkins of Phildrew Ventures. "One good investment could distort a fund's performance. How a fund draws down its money can also affect performance." This has not prevented the more confident UK funds from measuring their performance against other forms of investment.

CINVen, the second largest UK venture fund, claims a return of more than 30 per cent on its investments between 1980 and 1990 compared with less than 20 per cent on UK equities and under 15 per cent from UK bonds.

The Dutch Venture Capital Industry Association's performance study of realised investments between 1986 and 1990 records an average return on venture capital of 13 per cent compared with 4 per cent on equities, 2 per cent on bonds and 6 per cent on deposits. These percentages do not take into account the higher costs of managing a venture capital portfolio compared with the other forms of investment, the association notes.

A performance measure, of course, can only be calculated on the basis of a standard method of valuing investee companies. The BVCA is currently reviewing the valuation guidelines it introduced in early 1991 to ensure greater consistency.

There are still important areas of valuation which rely on opinion in, for example, judging when to make provisions for a permanent drop in

'It is difficult to ensure that the different fund structures and types of performance are recognised'

value or in estimating prospective earnings. The BVCA expects any changes to its guidelines to be relatively minor but wants to ensure that judgments are based on realistic assumptions.

Investors should be able to judge whether valuations are reached on a prudent basis if funds show how realisations compare with the last published interim valuation, according to Mr Iain Tulloch of Murray Johnstone, who is carrying out the review.

Some venture capitalists are becoming more open about these numbers. 3i, the largest UK venture capital company, reveals in its most recent annual report that realisations were twice net book value in 1988 but that the premium had fallen to 39 per cent by 1992.

County NatWest Ventures says recent realisations have been 40 per cent above interim valuations while Phildrew Ventures reports internal valuations are less than half realisation values. Given the leeway in the BVCA's valuation guidelines, these percentages may not be directly comparable.

But the effect of the publication of the guidelines has been to establish a framework and to focus the industry on a narrower range of valuations – "one or two of the cowboys have been found out," says Mr Hawkins of Phildrew Ventures.

Many venture capitalists acknowledge that they had to make small changes in their valuation procedures to bring themselves into line with the BVCA guidelines though their impact on some of the quoted investment trusts was dramatic.

Some of the trusts, which had long been regarded as taking a more generous view of valuations than the unquoted venture firms, were forced into making substantial write-downs of their portfolios.

3i, which is preparing itself for a public flotation, has also carried out a review of the way it values its investments.

It has eased its criteria for valuing investments in two important areas.

It has reduced the illiquidity discount it applies to very small companies, capitalised at less than £5m, from 40 to 30 per cent and it will no longer apply a 20 per cent discount to Unlisted Securities Market stocks.

In the long-term, the valuation and performance information can only benefit the venture capital industry. In the short-term, it may require some painful adjustments.

Charles Batchelor

Surveys reveal contrasting perceptions on the role of venture capital companies

Sector faces big marketing challenge

THERE is a consensus among venture capital companies that they need to market themselves more intelligently, but that consensus tends to fragment when they tackle the *multiplicity* of methods available for marketing.

The British Venture Capital Association (BVCA) has stimulated the industry debate over marketing, through the results of three surveys conducted on its behalf in mid-1991 by the London Business School.

The results of the surveys disclosed a startling mis-match between *the image of venture* capital companies – very positive – and their perceived importance as a source of long-term funding – relatively low.

While the bulk of the entrepreneurs and intermediaries who participated in the surveys described venture capitalists very positively – "shrewd, well-connected, approachable, experienced and creative" – those *without* experience of using it ranked venture capital low on their list of preferred sources of long-term capital, behind (in descending order) banks, individual investors and corporate investors. But of those entrepreneurs who *had* used venture capital, 98 per cent said they would recommend it as a first port of call in future.

Helen Walsh, former marketing manager of County Natwest, now with the BVCA,

Differentiation is a crucial marketing first step, no matter what the size of the player

believes the venture capital industry in the UK is facing a series of marketing challenges in its second decade, brought about by a variety of circumstances, not least the recession.

"County Natwest Ventures in the first six months of this year had some 1,400 introductions, of which only 2 per cent were completed. That leads to huge waste of time. For the industry generally, it is not the marketing of the initial transaction which needs to be improve upon, it is the *quality* of the deal. They need to work on marketing as an an educational task, to get people to understand what venture capital *is*.

The three segments of the venture capital industry – the captives, the semi-captives and the independents – have rather similar marketing tasks, dominated by two concerns; attracting funds and attracting the right deals.

Fund-raising is less problematic for captives such as County Natwest Ventures, but finding the right deals requires clever marketing; 30-40 per cent of its deal flow comes from the National Westminster bank branch network. It needs to be highly systematic in the way it markets itself to branch bank managers, in order to sure that they will think of County Natwest Ventures first when the top-quality deal passes across their desk.

Semi-captives, managing funds from both parent institutions and also funds raised independently, fight on two fronts, as do the independents. Both need to make sure they *are listened toby the pension* funds which source the bulk of the investment.

Independents, generally with smaller staff levels, need also to ensure that the indispensable personal networks of both intermediaries and pension fund managers are with the right people, and, having located them, that such networks are well-fostered.

*Smaller venture capital com*panies, such as the captive Guinness Mahon Development Capital, have as a priority not just avoiding time-wasting on investigating deals which will not complete, but also to build a clear identity as a niche-player; in its case, in publishing, educational and merchandising. Guinness Mahon's team is also constructing other marketing ploys as a means of defining itself, weeding out the obvious non-starter deals, and concentrating both its and potential clients' minds.

For Christopher Woodward, marketing director of 3i, marketing is "one of those unfortunate terms that means a hundred different things to a hundred different people. Particularly in the financial services sector, its strategic role is often misunderstood – it's too often confused with 'let's do some advertising.' But marketing has to start with an appre*ciation of the marketplace*, requiring quite a bit of research, going on to a segmentation of the market – not being all things to all people."

In one sense, 3i learnt about marketing the hard way; between 1945 and 1980 it faced little competition in the market, but very quickly in the 1980s that competition boomed from being a handful to more than a hundred; 3i's response was to rationalise its several businesses into one, develop a corporate image and logo, and present a new, branded image *to the world*.

With hindsight, that was probably a triumph of style over strategy. In 1986, Christopher Woodward joined 3i and insisted on the development of a strategy – "I said at the time that we had to develop a systematic rationale for what we stand for, as opposed to others, and create in the minds of potential users the belief that 3i *is more likely to be a suc*cessful investment partner than the others."

Differentiation is thus a crucial marketing first step, no matter what the size of the player. Advertising may play a part in that, but it can be a gamble probably best left to the larger, more generalist players, such as 3i, who have the resources to cope with the flood of deal offers it is likely to generate.

3i does about 1,000 deals annually, 500 of those new

There are a lot of deals around, but the quality ones are increasingly difficult to find

business. Christoper Woodward reckons 3i needs about 50,000 inquiries a year to meet that target, and many of those inquiries are inspired by 3i's direct mail marketing, via its regular bulletin called QED, which goes out to 10,000 clients – "if you have established a target database, you must send out a message to that database every six to 12 weeks, otherwise they forget you," says Woodward.

So there are a few nuggets of guidance for the venture capitalists considering the whys and wherefores of marketing

- The whole purpose of marketing in this industry is to optimise quality deal-flow. There are a lot of deals around, but the quality ones are increasingly difficult to find.
- Building a relationship with intermediaries while the deal is still just a gleam in someone's eye can best be done by the "softer" marketing methods – arranging seminars, careful public relations, regular communications.
- Venture capital is still a weak fourth choice for companies seeking investment which have never used venture capital; but for those which have used venture capital, it is a strong first choice. Bridging that perception gulf is a big marketing task for any venture capital company.
- Don't create unrealistic expectations – woolly marketing messages will only disappoint all sides of the deal.

Gary Mead

BUY-OUTS AND BUY-INS

Impetus for industrial renewal

THE BUY-OUT continues to dominate the UK venture capital industry despite a two-year fall in the level of activity. For some observers, this represents a *diversion of venture capital* from its "true" role of backing the start-up business; for most participants it represents a sensible concentration on what the industry does best.

There can be no doubt that the *buy-out*, and its derivative, the buy-in, have established themselves as important methods of achieving industrial renewal. Some companies still refuse to permit buy-outs from among their subsidiaries and divisions but most see it as a valuable tool for restructuring.

Venture capitalists are finding that they are having to deal with a new type of vendor: the receiver

Some idea of the scale of buy-out activity can be gained from the fact that there were more buy-outs in 1991 than acquisitions of independent companies. Total buy-out activity over the past decade has amounted to no fewer than 4,144 deals worth £26.3bn at current prices, according to Nottingham University's Centre for Management Buy-Out Research.

There has been a decline in buy-out activity throughout *Europe over the past two years* from the feverish levels of activity in 1988-89. But buy-outs still accounted for 55 per cent of all UK venture capital investments by value last year and for 35 per cent of European venture *capital spending*.

The highly leveraged billion pound deals of the late 1980s seem unlikely to return but the venture capital industry is now concentrating on *small* and medium-sized deals valued at up to £100m. Most fall in the range £1m to £20m.

The financial institutions which arranged the very large deals have withdrawn; the *quoted company boards which* saw an advantage in taking their company private, have thought again; and the banks which were prepared to provide the debt finance have imposed far tougher lending criteria.

This has left the professional venture capital funds to concentrate on more cautiously financed deals which require industrial rather than purely financial engineering skills.

"*We are confident* that our niche in the buy-out market – *for companies capitalised at* between £10m and £50m, sometimes going up to £100m – is the correct one," says Mr Ian Hawkins, of Phildrew Ventures. "Our strength is in buy-outs up to £100m-£125m though most of our deals are worth £25m or less," comments Mr David Shaw, head of County NatWest Ventures.

In many respects the current *depressed economic climate* is ideal for buy-outs, say many of the specialists. High real interest rates, *a nervous stock market* and uncertainty about the beginnings of an upturn have reduced the number of companies willing to bid against management teams. Hard-pressed corporations are under *great pressure to dispose of* under-performing or non-core businesses.

The industry now targets small and medium-sized deals valued at up to £100m. Most fall in the range of £1m to £20m

However, the same economic conditions and the depressed housing market mean many managers are unwilling or unable to remortgage their home to finance a buy-out. *They are also less willing to* risk damaging their careers if their main board rejects a buy-out proposal.

Even when deals do get off the ground they are often far more demanding of the venture capitalist than in the boom times of the late 1980s – "we do very few deals in the form in which we first see them," says Mr David Wansbrough of ECI Ventures.

"In the 1980s, deals would come in off the street. Now we might have to put in three months work to turn something into a good deal."

Venture capitalists are also finding that they are having to deal with a new type of vendor: the receiver. Buy-outs from receivership accounted for about 20 per cent of all deals *last year*.

Receivers want to complete a sale as quickly as possible and are usually unwilling to grant prospective purchasers an exclusivity agreement while they carry out their financial checks. Nor will a receiver usually be prepared to provide a purchaser with the warranties normally given when businesses are sold.

Receivers also want cash for any sale. Quite often venture capitalists will arrange for deferred payments or a *retained interest when negotiating* a buy-out from a corporate vendor. And while some vendors are prepared to favour a management buy-out because they wish to retain close links with the buy-out company receivers are *interested only* in the highest bidder.

Some of these factors can work in favour of a buy-out team – managers with a detailed knowledge of the business *may be able to dispense* with warranties while an outside buyer could not take the risk – but they do require the venture capitalist to modify his approach.

An important concern of *receivers and of other vendors* is that the management team and its venture capital backer can actually provide the finance for a deal.

To meet this requirement venture capitalists have had *gear themselves up to be able* to provide a "bought deal," taking the entire value of the buy-out on to their own book either permanently or with the aim of syndicating it later.

"*Vendors often want to talk* to a financial buyer, not to the management," says David Shaw of County NatWest Ventures. This development reflects practice in the US leveraged buy-out market where the buy-out specialists play a far more active role in putting deals together, frequently bringing in management at a very late stage in the transaction.

The vendor's preference for *talking to the money-men*, rather than managers has coincided with a tightening of the syndication market. Deal leaders will now only deal with other venture capitalists they *can trust following problems in* some of the larger syndicates.

3i and Prudential Venture Managers, two of the biggest players, took this a stage further when they announced in June that they would collaborate on the joint underwriting of medium and large buy-outs and buy-ins.

The aim of this initiative was to make it easier and quicker for managers to put together the funding of deals worth £15m *and more, the two companies* said.

Charles Batchelor

TECHNOLOGY-BASED COMPANIES

Only a small slice of the UK investment cake

ONLY a tiny fraction of the £1bn a year invested by the venture capital industry goes to start technology-based companies – *and that fraction has fallen further* during the current recession.

According to the British Venture Capital Association, the total investment in start-up and other early stage companies fell by 55 per cent from £128m in 1990 to £55m last year.

The BVCA figures do not break down the start-up investment figures into different industrial sectors, but the analysis of the overall £1bn investment tells a depressing story.

Medical and biotechnology investments have fallen by more than half from £49m invested in 51 companies in 1990 to £23m in 43 companies in 1991. As the BVCA annual report notes, "a high proportion of investments in this category tend to be start-up and early stage."

UK venture capital investment in most other technology based sectors fell last year too, though not as steeply as biotechnology.

Many science-based companies have been told that they have 'a good business plan,' but the money they need is too small to interest a venture capitalist

The exception was electronics, where *venture capitalists* put £36m into 80 companies in 1991 – up from £25m and 61 companies the year before.

In the computer-related sector (mainly software and services) venture capital investment *fell from £74m in 1989 to* £67m in 1990 and £65m in 1991. The communications sector has shown a particularly steep decline: from £29m in 1989 to £17m in 1990 and just £6m in 1991.

Altogether, UK venture capitalists put a total of £130m into 350 technology-related businesses last year – accounting for about 21 per cent of companies *financed and 13 per cent* of the total amount invested by the industry.

In the US, in contrast, more than half of venture capital is invested in technology.

Such statistics provide ample *ammunition* for critics who accuse venture capitalists in the UK of failing to nurture nascent high-tech entrepreneurs in the same way as their US counterparts.

"There is evidence that good *technology-based* projects are failing to secure the necessary investment because of a lack of entrepreneurism on the part of the UK financial industry," says Mr John Allen, chief executive of Newtech science part in Clwyd, north Wales, and author of *Starting a Technology Business*, an excellent new book published this month.* "There's no venture at the moment in venture capital."

As Mr Allen points out, there are few hard statistics to illustrate the size of the problem, "since firms that are repeatedly spurned by venture capitalists either give up, increase their bank loans to unwise proportions or limp along, never achieving their true potential for themselves or the national *economy*."

But he quotes a survey of 284 technology-based companies which showed that only 3 per cent of start-ups and 8 per cent of growing businesses were financed by venture capital.

To illustrate the problem, Mr Allen gives the example of a "soundly based and growing firm in the medical and health care field" which he was helping to acquire about £500,000 growth phase finance.

"I contacted a venture capital company whose stated interests were in health care and technology and whose preferred level of investment ran 'from £0.5m to £2m for all stages of company growth.'

"I was told that they in fact rarely invested less than £0.75m, and only in businesses that were already profitable, with an established market.

"Technology was currently 'out.'"

Mr Allen adds that the company eventually found the *£500,000 it needed – from* an international pharmaceutical group, based overseas.

The preference of the venture capital industry for large individual financings and its reluctance to make *investments in the £100,000 to* £300,000 range – the main requirement for new technology businesses in the UK – is perhaps the most frequent complaint by high-tech entrepreneurs.

There are countless stories of science-based companies being told that they have a good business plan but the amount of money they are seeking is too small for the venture capitalist to bother about.

This attitude is understandable in a way, because the cost to a fund, in terms of management and time, of assessing potential investments is *largely independent of the* amount of money required. Indeed the management needs of a small new company may be even greater.

However, Mr Allen points out that venture fund managers *can reduce the cost of* assessing small-scale proposals if they do not look at every project that comes their way.

Instead, they should build up more *long-term relationships* with people running enterprise agencies, science parks and business innovation centres, whom they could trust to act as filters, passing on only the more promising projects.

"*This filtration would not, of* course, abrogate the venture capital company's observance of due diligence on behalf of its shareholders, but it would reduce the number of total non-starters submitted in the *first place," he says*.

The venture capital industry has responded to a limited extent to the need for small-scale finance, by establishing a range of "seedcorn funds" designed to get high-tech businesses started. But the demand far exceeds the funds available.

At the same time, science parks are establishing speci*alised local funds for their own* high-tech entrepreneurs.

One of the pioneers was Aston Science Park's Birmingham Technology (Venture Capital) Ltd.

Mr Harry Nichols, its chief *executive, has an attitude* quite different to the "short-termism" that is associated, rightly or wrongly, with many British venture capitalists.

"We expect to take seven years on average before we get realisations; allowing for lead times and some failures, this may mean 12 or 13 years before the fund is fully mature and it becomes reasonable to evaluate performance – a very long time by most standards. However, this is a 10 to 15-year development business, as experience in the US has shown," he says.

In the UK, science parks *are establishing* specialised local funds for their own high-tech entrepreneurs

Some universities also have specialised funds to help exploit research by their academics. Indeed, Cambridge has two: Cambridge Research and *Innovation Limited (CRIL)* and the Cambridge Quantum Fund.

A different sort of gap in the way Britain finances high-tech companies is identified in another new book, Company and Campus Partnership by Ms *Jane Bower* of Heriot-Watt University Business School.**

In the US, she says, the main providers of start-up finance are not the well-publicised venture capitalists but small informal groups of local investors – "*this is the category which* is conspicuously lacking in the UK, and this may hold the real key to future success."

**Starting a Technology Business*, by John Allen, Pitman, £27.50.

***Company and Campus Partnership* by Jane Bower, Routledge, £35.

Clive Cookson
Science Editor

VENTURE CAPITAL 6

UK's LEADING VENTURE FUNDS

Company	Min (£'000)	Max (£'000)	Start Ups	Devel- opment	Replace ment	MBO/ MBI	Rescue	Telephone	Sector Preference
3i plc	0	OPEN	Y	Y	Y	Y	Y	071 928 3131	O
Abacus Development Capital Limited	100	750	N	Y	Y	Y	N	071 323 5224	H
Abbott Business Consultants Limited	100	500	N	Y	Y	Y	Y	051 227 2030	I,H,(F),(K),(N),(Q),M,R
Abingworth Management Ltd	250	2000	Y	Y	Y	Y	P	071 839 6745	O
Abtrust Fund Managers Limited	100	1000	P	Y	Y	Y	P	0224 631999	O,(K),(B)
Acumen Investments Ltd	250	30000	N	Y	Y	Y	Y	071 465 0316	I,M,H
Advent International PLC	1000	15000	P	Y	Y	Y	P	071 333 0800	O
Advent Limited	250	1500	P	Y	Y	Y	P	071 630 9811	A,B,C,D,R,E,I,(N),H,L
AIB Venture Capital	IR500	IR4000	N	Y	Y	Y	N	071 606 5800	E,I,M,B,F
Alta Berkeley Associates	250	1500	Y	Y	Y	Y	Y	071 734 4884	B,A,E,D,Q
Apax Partners & Co	500	100000	Y	Y	Y	Y	Y	071 872 6300	O,(N)
Arab International Trust Co. Limited	100	2000	N	N	Y	Y	Y	071 434 4141	C,F,I,K ,L,N
Bank of Boston Limited	250	4000	N	Y	Y	Y	N	071 932 9261	O
Bankers Trust	500	OPEN	N	P	Y	Y	P	071 982 2500	O
Barclays Development Capital Limited	200	OPEN	N	Y	Y	Y	P	071 407 2389	H,R,I,K,M
Barclays Venture Capital Unit	100	750	N	Y	Y	Y	N	071 242 4900	O
Baring Capital Investors Limited	3000	OPEN	N	Y	Y	Y	N	071 408 1282	O
Baring Venture Partners Limited	0	1500	Y	Y	P	P	N	071 408 0555	O,(N)
Barnes Thomson Management	250	5000	P	Y	Y	Y	N	071 487 3870	B,A
Baronsmead PLC	150	750	N	Y	Y	Y	N	071 242 4900	O,(N)
Biotechnology Investments Limited	$50	$5000	Y	Y	N	N	N	071 634 2886	D,E,G,
British Linen Bank	200	1000	N	Y	Y	Y	Y	031 243 8500	O,(D),(A),(B),(C),(K)
British Steel (Industry) Limited	10	250	Y	Y	P	Y	P	0742 731612	O,I,(H),(N),(M)
Brown Shipley Venture Managers Limited	1000	5000	N	Y	Y	Y	N	071 606 9833	O
Candover Investments PLC	2000	OPEN	N	Y	P	Y	P	071 489 9848	O,(D),(F),(G)
Capital for Companies	100	500	N	Y	Y	Y	Y	0532 438043	H ,I ,A ,M
Capital Partners International	5	OPEN	Y	Y	Y	Y	Y	071 378 7992	H,B,I,E,D,I,K
Causeway Capital Limited	1000	5000	Y	Y	Y	Y	Y	071 495 2525	O
Charterhouse Development Capital	500	25000	P	Y	Y	Y	N	071 248 4000	O
Charterhouse Venture Funds	500	4000	N	Y	Y	Y	Y	071 409 3232	E
Chase Investment Bank Limited	500	10000	N	Y	Y	Y	N	071 726 5000	O
CINVen	500	OPEN	Y	Y	Y	Y	P	071 245 6911	O
Citicorp Venture Capital	1000	OPEN	N	Y	Y	Y	N	071 438 1488	O,(N)
Close Investment Management Limited	1000	5000	N	Y	Y	Y	Y	071 283 2241	O
Clydesdale Bank Equity Limited	250	3000	P	Y	Y	Y	P	041 248 7070	O,(N),(P),(Q)
County NatWest Ventures Limited	500	OPEN	P	Y	Y	Y	Y	071 375 5000	O,(D),(G)
Cygnus Venture Partners	200	OPEN	Y	Y	Y	Y	Y	0895 272601	A,B,C,D,E,H,P.
Derbyshire Enterprise Board Limited	50	500	Y	Y	Y	Y	Y	0246 207390	O,(N)
Doncaster Enterprise Agency (Finance)	10	100	Y	Y	Y	Y	Y	0302 340320	O,(N),(Q)
Dunedin Ventures Limited	150	1500	N	Y	Y	Y	Y	031 315 2500	O
Eagle Star Investment Managers Limited	500	OPEN	N	Y	Y	Y	N	071 929 1111	O,(N)
East Midlands Venture Fund Managers Ltd	5	175	Y	Y	Y	Y	Y	0602 678400	O
ECI Ventures	1000	5000	N	Y	Y	Y	Y	071 606 1000	O,(F),(N),(G)
Electra Innvotec Limited	200	2000	Y	Y	P	N	N	071 831 9901	A,C,B,R,I,L,D,E,F,K
Electra Kingsway Limited	2000	OPEN	Y	Y	Y	Y	Y	071 831 6464	E,F,H,R,I,L,M,Q,P,S,
Enterprise Equity (NI) Limited	50	750	Y	Y	N	Y	N	0232 242500	O
Eurocontinental (Advisors) Limited	250	2500	P	Y	P	Y	P	071 600 1689	A,D,M,I,B,E,H
Euroventures UK (Octagon)	150	750	Y	Y	Y	Y	P	0223 415689	A,B,C,L
Finlay Ventures	100	500	P	Y	P	Y	N	041 204 1321	O,(D),(K)
Fleming Ventures Limited	100	1000	N	Y	Y	Y	N	071 480 6211	A,B,C
Foreign & Colonial Ventures Limited	1000	7500	N	Y	Y	Y	Y	071 782 9829	O,(B),(C)
Gartmore Venture Capital	300	5000	N	Y	Y	Y	N	071 782 2000	O
GLE Development Capital / GLE Technology	5	1000	Y	Y	Y	Y	Y	071 403 0300	O,Q
Granville & Co. Limited	500	5000	N	Y	Y	Y	Y	071 488 1212	O
Great Winchester Capital Fund Managers	250	750	P	Y	Y	Y	Y	071 588 7575	O
Gresham Trust plc	300	1500	N	Y	Y	Y	P	071 606 6474	O,(N)
Grosvenor Venture Managers Limited	250	3000	N	Y	Y	Y	Y	0753 811812	O,(N)
Guinness Mahon Development Capital Limited	250	100000	N	Y	Y	Y	Y	071 623 9333	O
Hambro European Ventures Limited	250	OPEN	P	Y	Y	Y	Y	071 702 3593	O,(B),(C),(D)
Hancock Int. Private Equity Mgt. Ltd	2000	10000	N	Y	Y	Y	N	071 414 0131	O
Henderson Venture Managers	1000	5000	N	Y	Y	Y	Y	071 638 5757	O,(N),(F)
Highlands and Islands Enterprise	0	500	Y	Y	N	N	Y	0463 234171	O,(M),(N)
Hodgson Martin Limited	100	1000	P	Y	P	Y	P	031 226 7644	O,P
Industrial Development Board for N. Ireland	0	OPEN	Y	P	N	P	Y	0232 233233	O
Industrial Technology Securities	150	250	Y	Y	N	N	N	0753 885524	B,C
Invesco MIM Development Capital Limited	250	10000	P	Y	P	Y	N	071 454 3131	O
Ivory and Sime Development Capital	250	3000	N	Y	Y	Y	Y	031 225 1357	O
Kleinwort Benson Development Capital Ltd	250	OPEN	P	Y	Y	Y	P	071 956 6600	O
Korda & Company Limited	50	700	Y	N	N	N	N	071 253 5882	B,D,R,E,C,L
Lancashire Enterprises PLC	0	500	Y	Y	Y	Y	Y	0772 203020	O
Larpent Newton & Co. Ltd	50	750	Y	Y	Y	N	N	071 251 9111	A,B,D,L,C
Lazard Ventures	300	OPEN	N	Y	Y	Y	Y	071 588 2721	O,E,N
LEDU- Small Business Agency N. Ireland	3	450	Y	Y	N	Y	N	0232 491031	B,C,H,I,E
Legal and General Ventures	1000	50000	Y	Y	Y	Y	Y	071 489 1888	O
LICA Development Capital Limited	100	OPEN	Y	Y	Y	Y	Y	071 839 7707	O,(N),(P)
Lloyds Development Capital Limited	300	OPEN	N	Y	Y	Y	N	071 600 3226	O,(N)
London Wall Industrial Consultants Limited	25	100	P	Y	P	Y	N	0923 285199	H,M,I
London Wall Investments	3000	OPEN	N	Y	Y	Y	N	071 638 5362	O,(D),(K),(N),(G)
Lothian Enterprise Limited	50	250	Y	Y	N	Y	P	031 220 2100	O,(N)
March Investment Fund Limited	100	1000	N	Y	Y	Y	P	061 872 3676	O,(Q)
Mercury Development Capital	2000	30000	P	Y	Y	Y	P	071 280 2800	O,E,H,I,Q
Metrogroup Capital PLC	30	250	N	Y	Y	Y	Y	071 435 8281	A,H,Q
Midland Ent. Fund for Y'shire & Humberside	5	100	Y	Y	Y	Y	Y	0532 374774	I
Midland Growth Capital	50	750	N	Y	Y	Y	Y	071 260 6778	O,(N),P
Midland Montagu Ventures Limited	750	OPEN	P	Y	Y	Y	P	071 260 0232	O
Morgan Grenfell Development Capital Limited	2000	20000	N	Y	Y	Y	Y	031 557 8600	O,(N),(D)
MTI Managers Limited	250	1000	Y	Y	N	Y	Y	0923 250244	A,B,C,D,E,I,K,L
Murray Johnstone Developments	250	10000	N	Y	Y	Y	N	041 226 3131	O
Nash, Sells & Partners Limited	500	5000	P	Y	Y	Y	Y	071 828 6944	O,E,H,N,I
Newmarket Venture Capital plc	250	1000	Y	N	N	N	N	071 377 1507	C,E,B,A,F
Noble & Co. Limited	50	OPEN	Y	Y	Y	Y	P	031 225 9677	O
Noble Grossart	100	3000	Y	Y	Y	Y	Y	031 226 7011	O
North of England Ventures Limited	200	2000	P	Y	Y	Y	Y	061 236 6600	O,(N)
Northern Ireland Innovation Prog. Inv. Ltd	15	40	Y		N	N	N	0232 241619	B,C,I,E,D,A
Northern Venture Managers Limited	200	OPEN	Y	Y	Y	Y	Y	091 232 7068	O
Palatine Fund	250	1800	P	Y	Y	Y	N	061 834 2332	O,(N)
Phildrew Ventures	1000	15000	P	Y	Y	Y	P	071 628 6366	O,(F),(N)
Phoenix Fund Managers Limited	1000	5000	N	Y	Y	Y	Y	071 638 3818	A,F,H,R,I,K,L,M,O,P,(B),(C)
PIC Europe Ltd	10000	100000	N	N	Y	Y	N	071 283 8122	O
Piper Investment Management	100	1000	P	Y	P	Y	Y	071 727 3866	M,H
Postel Development Capital	1000	5000	N	Y	Y	Y	N	071 702 0888	O
Prelude Technology Investments Limited	20	1000	Y	Y	N	N	P	0223 423132	C,D,E,I,L,K
Priory Investments Holdings Limited	100	500	Y	Y	N	Y	N	071 584 4448	O,H
Prudential Venture Managers Limited	1000	20000	P	Y	Y	Y	P	071 831 7747	O
Quayle Munro Limited	500	2000	N	Y	Y	Y	P	031 226 4421	F,H,I,M.
Quester Capital Management Limited	100	1000	Y	Y	Y	Y	Y	071 222 5472	O
Regent Street Ventures Limited	100	1000	Y	Y	Y	Y	P	0226 296100	O,(G),(N)
Rothschild Ventures Limited	250	2500	Y	Y	Y	Y	Y	071 280 5000	O,(N)
Schroder Ventures	500	25000	Y	Y	Y	Y	Y	071 632 1000	E,B,C,R,(N),(F)
Scimitar Development Capital Limited	300	2500	N	Y	Y	Y	Y	071 487 5914	O,(N),(F)
Scottish Development Finance Ltd	50	2000	Y	Y	N	Y	N	041 248 2700	B,C,D,E,F,I
Security Pacific Venture Capital	ECU 500	ECU 10000	Y	Y	N	Y	N	071 925 2395	O
Seed Capital Limited	5	40	Y	N	N	N	Y	0491 579999	C,I
Stewart, Ivory & Co. Limited	1000	2000	P	Y	Y	Y	P	031 226 3271	O,(G),(N),(Q),
Sumit Equity Ventures Limited	250	720000	P	Y	Y	Y	Y	021 236 1222	I,M,C,O
Sun Life Investment Mngmnt Services Ltd	250	2000	P	Y	Y	Y	P	071 606 7788	O
Tayside Enterprise Board Limited	25	250	Y	Y	N	Y	N	0382 621030	O ,(N),(H)
Thompson Clive & Partners Limited	500	3000	P	Y	Y	Y	Y	071 491 4809	A,B,C,E,I
Top Technology Ltd	50	500	Y	Y	P	N	P	071 242 9900	A,C,E,D,B
Touche Remnant Investment Management	250	2000	N	Y	Y	Y	N	071 236 6565	A,B,E
Transatlantic Capital (Bio Sciences) Limited	50	500	Y	Y	N	N	N	071 224 1193	D,E
Tufton Associates Ltd	500	OPEN	N	Y	Y	Y	Y	071 222 8151	F,I,N,M
UBK Information Technology Partnership	50	500	Y	Y	P	P	Y	071 628 3422	O
Ulster Development Capital Limited	50	500	N	Y	Y	Y	Y	0232 246765	O
Venture Founders Limited	100	600	N	P	N	P	P	0895 824015	A,B,D,E,(N)
Venture Link Investors	250	1500	Y	Y	N	N	N	0628 771050	O,B,C,A,D,(N),(Q)
Welsh Development Agency	5	500	Y	Y	P	Y	P	0792 790000	O,(G),(N),(Q)
West Midlands Enterprise Board Limited	75	750	P	Y	P	Y	P	021 236 8855	O,(N),(P)
Yorkshire Bank Development Capital Ltd	500	2000	N	Y	Y	Y	N	0532 442848	(N),(B),(C)
Yorkshire Enterprise Limited	50	500	Y	Y	Y	Y	Y	0532 374774	I
Yorkshire Fund Managers Limited	250	1250	N	Y	Y	Y	Y	0532 460132	A,B,C,H,R,I,L,M
Yorkshire Venture Capital	200	500	N	Y	Y	Y	N	0742 722272	O,(N)

Key: Y = Yes, P = Possible, N = No. Sector Preferences: A = Communications, B = Computer Related, C = Other Electronic Related, D = Biotechnology. E = Medical, Health, F = Energy, Natural Resources, G = Agriculture, H = Consumer/Related Products, I = Industrial Products, K = Space and Aviation Industry, L = Industrial Automation, M = Wholesale, Trade, Distribution, N = Property, O = Anything, P = Financial Services, Q = Media/Entertainment, R = Chemical Industry. Any letter in brackets indicates a preference not to invest in that sector

Source: KPMG Corporate Finance

A glossary of venturespeak: from 'burn rate' to 'vulture capital'

The jargon explained

EVERY trade has its own jargon and the venture capital industry is no exception.

The venture capitalist hopes that his *plums* will more than outweigh the *lemons* in his portfolio and help him get over his hurdle, writes Charles Batchelor.

The entrepreneur meanwhile must keep a wary eye open for the *vultures* who may attempt to deprive him of the sweat equity he needs to make the deal worthwhile.

Some of the more colourful expressions which crossed the Atlantic along with the techniques themselves in the 1970s have fallen out of use – *death valley curves** and *grey waves* no longer form part of daily venturespeak – but a flavour of venture capital's pioneering days remains.

(Death valley curves means the decline in a start-up company's equity base, as cash flows out and before profits start coming; grey waves refers to a company or sector with such distant prospects that they will not be realised before the investors' hair has turned grey.)*

Here and on the following pages is a glossary of other terms:

□ **Burn rate:** this is the rate at which a business uses up the funds provided.

□ **Business angel:** a private investor who not only finances small companies but who also gives them the benefit of his or her own expertise.

Most angels are retired executives or entrepreneurs who have sold their own business.

□ **Business Expansion Scheme:** a scheme to encourage investors to engage in risk investment by offering them tax relief at their top marginal rate, for up to £40,000 invested a year.

There is now a £750,000 annual investment limit for each investee company to channel investment to smaller businesses. But recent cuts in tax rates have reduced the attractions of the BES for investors while special encouragement for investments in residential property have diverted funds away from non-property ventures.

The Treasury's long-running dislike of the scheme finally carried the day in the March 1992 budget and the BES will come to an end in December 1993.

□ **Business plan:** the document put together by managers to justify their application to financiers for backing. A business plan should contain summaries of past and projected profit and loss accounts, balance sheets and cash flows. It should also have details of products and services, markets, future strategy and profiles of the managers – but don't get too carried away: most financiers will not go beyond the two-page executive summary.

□ **Captive funds:** venture capital organisations which form part of larger financial services groups. Usually they do not raise their own discrete funds but draw on the resources of their parent groups.

□ **Carried interest:** shares or an option on shares taken by the venture capitalist in the investee company as part of the financing agreement. Usually the stake taken is 20 per cent. *See also 'Hurdle rates,' explained on the facing page.*

□ **Corporate venturing:** this is the practice of a large company taking a small equity stake or establishing a joint venture with a smaller business to benefit from the smaller firm's specialist expertise.

The large business can provide finance, management back-up and distribution outlets which would not be available to the smaller partner. The small company brings its innovative skills and allows the big company a ringside view of the new products and technologies it is developing.

Corporate venturing links can lead to the bigger partner acquiring the smaller. Many US and some Continental companies have practised this technique though it has failed to appeal to large British companies.

□ **Deal flow:** the number of investment propositions which come to the venture capitalist.

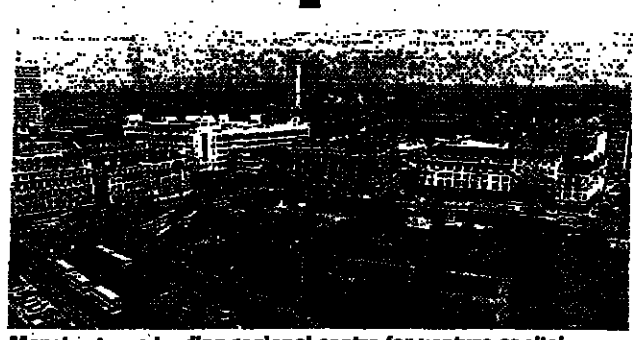
□ **Development capital:** later stage venture capital invested after two or three years when the business has become established and needs extra funds for expansion. Most venture capitalists are in fact providing development capital. The rewards are lower but the risks are correspondingly less than for early stage investments.

□ **Exit:** the point at which the venture capitalist realises all or part of his investment by either arranging a flotation of the company or, more commonly, selling it to another company or "trade buyer." A growing range of exits is

□ *Continued on facing page:*

UK REGIONAL FUNDS

Still doing good business despite the recession



Manchester: a leading regional centre for venture capital

IT IS difficult to find any gloom among venture capital providers outside London and southern England. Britain's regional network of funds has been doing good business throughout the recession because it is well suited to what market there is to work in.

These are the tiddlers of the industry: funds are small, but so are deals. Regional funds stepped into an equity gap too small for high-overhead London funds to fill. Moreover, most regional deals require the sort of local knowledge and contacts that national or international London-based funds do not have.

In the recession, strong trends have emerged in the regions' favour. They show in the figures: excluding 3i, about £1.42bn was invested at the 1989 national market peak, but this dropped to £989m last year, a plunge of 30 per cent.

Since the number of deals fell by only 8 per cent – from 1,302 to 1,196 – there had to be a fall in the value of investments made by each fund. This amounted to 24 per cent – from £11.5m in 1989 to £8.7m last year.

Of the £989m invested last year, 28 per cent was in the Midlands and north, or £277m. This was up on the 1990 figure (£256m), itself representing a national share of 23 per cent. However, from the volume point of view, the same regions' share of the 1,196 deals in 1991 was 34 per cent, or 406. The comparative figures for 1990 were 29 per cent and 354.

The trend, therefore, is for more deals in the regions where recession has not impacted as badly as in the south, but at lower individual value.

The difference this represents on the recession of 1980-82 is that there was no regional venture capital network at all in those days, apart from 3i's branch offices.

Indeed, our listing on this page shows more than 60 sources of funds in the regions, most of which have come into being only since the mid-1980s. Most are small, having only £5m to £20m each to invest. This in turn means that none is likely to put more than £1m – 5 per cent of a £20m fund – into any single deal.

However, most of what deals there have been in the last year have nearly all been within range of funds this size. Moreover, the way the bulk are now clustered around the emergent regional financial centres of Manchester, Leeds, Birmingham, Edinburgh and Glasgow means they can easily syndicate quite large deals among themselves.

None of these centres needs to go anywhere else to raise £20m now, while even five or six years ago they would have had to have help from London.

As the London-based Mr Charles Sherwood of Schroder Ventures, puts it: "If you have a small deal in, say, Leeds and don't need anything more than generalised venture capital skills, why even think of taking it outside Yorkshire?

"We don't have the ability to respond quickly to deals outside London and we don't have enough regular contact with intermediaries in regional centres to develop trust between them and our funds," he adds.

Figures from 3i reinforce the general picture. North-west investments by 3i were £44m in 1991-92, compared with £12m the previous year.

The respective figures for Yorkshire and Humberside were £39m and £18m, and for the north-east, £18m and £13m.

Mr Charles Richardson, 3i's director for the north and Scotland, says there are three reasons for the growth. Prices are more realistic and lower, large companies have become keener to dispose of non-core activities as the recession has deepened, and there has been an increase in management buyouts and buy ins from parent companies in receivership.

3i says there has also been a shift in attitudes favouring equity capital, especially with the banks reluctant to lend and many companies wanting to avoid the mistakes of the 1980s by becoming overgeared and incapable of responding to upturn.

One of its bigger regional deals was the £27m buyout of Standard Fireworks of West Yorkshire from Scottish Heritable Trust. Less spectacular, but no less important, was the purchase by its management of Samuel Banner, a Liverpool solvents and chemicals blender.

Other deals included the £15m buyout of Mark Birkbeck Holdings, a Lancashire retailer and wholesaler of natural fibre leisurewear, and the buyout of the Cheshire-based Taco Holdings, one of the UK's largest independent manufacturers of polythene film.

Mr Jonathan Diggines heads Murray Johnstone's Manchester office, which also manages Ventures North West, the investment capital fund of the Greater Manchester Pensions Authority – "our experience shows good deals can be done, even in deep recession," he says.

He was involved in the 3i-led support of the management buyout of housebuilder George Langdon from Whitecroft, the Wilmslow conglomerate, which has been restructuring to get through the recession. The housebuilder is doing well because northern prices never bubbled and have not declined significantly – in sharp contrast to the south.

Murray Johnstone's biggest deal this year was the purchase of the Salford-based Canadian Pizza from its north American parent. It underwrote more than £9m of funding and has happily hung on to £7.5m of investment after letting other funds in on the deal.

Ventures North West even achieved its first successful exit, following the return to successful health of Alexander Drew, a textile finisher bought out from the failing Coloroll group in 1989 in a deal that also involved Morgan Grenfell, Charterhouse and Deutsche Bank.

Mr Edmund Johnston runs one of Britain's smallest regional funds, Ulster Development Capital in Belfast, which is backed mainly by two Dublin pension funds and four British insurance companies. It has been revolving its returns since starting in 1985 and has done 20 deals from a base fund of only £1m.

"Admittedly it's from a low base, but we are finding more activity and optimism. There's not much new stuff: likely deals are usually linked to some sort of reconstruction, such as buyouts or buy ins, or some sort of change of ownership of a business for one reason or another," says Mr Johnston.

NATIONAL Pressures are even encouraging reconstruction of the venture capital industry itself. The most significant example so far came at the end of May, when Schroder backed the purchase of Sumit Equity Ventures, one of the oldest regional groups of funds, from A.E.Sharp, the Birmingham-based stockbroking and financial services company.

Sumit has three funds worth £43m, including a publicly quoted investment trust of £10m. It will now be run by Mr Lyndsay Bury, previously a founder of Apricot Computers and a founder director of Allied Dunbar Bank.

A.E.Sharp retains 10 per cent, but Mr Bury's other shareholders will be Schroder Ventures and Mr Peter Folkman's £20m North of England fund, which Schroder also backs.

Sherwood says the industry is now mature and is segmenting. The strength of London funds is in big, complex, international or specialised, high technology deals.

He sees Schroder's tie-up with Mr Folkman – a former 3i director – and Mr Bury as akin to a franchising operation, with London money made more easily available for medium-sized or bigger deals in the regions.

This sort of thing should enable regional funds to trade their local knowledge and contacts for access to London money, some hundreds of millions of pounds of which are uninvested at present. The tiddlers of the industry may well have more national bargaining power than they realise.

Ian Hamilton Fazey

Principal funds based in UK regions

Fund headquarters, together with contact names and telephone numbers, include:

ABERDEEN
Aberdeen Fund Managers: H.Little, tel. 0224 631 999.

BARNSLEY/SOUTH YORKSHIRE
Regent Street Ventures: J.Hattersley, tel. 0226 770 770.

BELFAST
Enterprise Equity: D.Glynn, 0232 242 500.
Industrial Development Board: C.Harding, 0232 233 233.
LEDU: A.Neville, 0232 491 031.
Ulster Development Capital: E.W.Johnston, 0232 246 765.
Ulster Venture Capital: G.Lomas, 0232 246 678.

BIRMINGHAM
Birmingham Technology: T.F.C.Crawley, 021-359 0981.
Centreway Development Capital: J.Naylor, 021-643 3941.
County Natwest: A.Lewis, 021-236 1641.
Lloyds Development Capital: M.Joseph, 021-200 1055.
Sumit Equity Ventures: L. Bury, 021-200 2244.
West Midlands Enterprise Board: P.G.Collings, 021-236 8855.

BRISTOL
Dartington & Co: S.Toote, 0272 213 206.

CAMBRIDGE
Cambridge Capital Management: S.Bloomfield, 0223 312 856.
Prelude Technology Investments: R.Hook, 0223 423 132.

CARDIFF
First Welsh General Investment Trust: David Wright, 0222 229 922.
Welsh Development Agency: P.Murphy, 0792 790 000.

CHELTENHAM
Capital Ventures: R.Collins, 0242 584 380.

DONCASTER
Doncaster Enterprise Agency: B.Staniland, 0302 340 320.

DUNDEE
Tayside Enterprise Board: I.Long, 0382 621 030.

EDINBURGH
Charterhouse Development Capital: J.McGrane, 031-556 2555.
Dunedin Ventures: B.Finlayson, 031-315 2500.
Hodgson Martin: A.Hodgson, 031-226 7644.
Ivory & Sime: R.Muir-Simpson, 031-225 1357.
Morgan Grenfell: S.Deacon, 031-557 8600.
Noble Grossart: B.Dick, 031-226 7011.
Quale Munro: R.Petrie, 031-226 4421
Stewart Ivory & Co: J.Murray, 031-226 3271

GLASGOW/AYRSHIRE
ASSET: D.Gage, 0294 602 515.
Clydesdale Bank Equity: N.Kennedy, 041-248 7070.
Murray Johnstone: I.W.P.Tulloch, 041-226 3131.
Scottish Development Agency: D.Patience, 041-248 2700.
Scottish Allied Investors: P.N.Homer, 041-204 1321.

HALIFAX
Gartland and Whalley Securities: J.E.Barker, 0422 349 401.

LEEDS
Capital for Companies: B.Anysz, 0532 438 043.
County Natwest: G.Dewhurst, 0532 443 444.
Leeds Trust: T.Cottier, 0532 442 060.
Lloyds Development Capital: G.Weaver, 0532 441 001
Yorkshire Bank Development Capital: G.Shields, 0532 442 848.
Yorkshire Enterprise: P.Claydon, 0532 374 774.
York Trust: G.Monnickendon, 0532 460 132.

LIVERPOOL
Capital for Companies: K.Abbott, 051-227 2030.

MANCHESTER
Barclays Development Capital: A.Hyams 061-832 7222
Charterhouse Development Capital: S.Nellies, 061-236 1100
County Natwest Ventures: J.Moran, 061-832 8827.
Henry Cooke Group: D.Smith, 061-834 2332.
March Investment Fund: R.S.Marshall, 061-872 3676.
Murray Johnstone: J.Diggines, 061-236 2288.
North of England Venture Managers: P.Folkman, 061-236 6600.
North West Regional Fund: C.Edwards, 061-834 2332
Ventures North West: J.Diggines, 061-236 2288

MIDDLESBROUGH
Cleveland Venture Fund: P.Kerr, 0642 251 083

NEWCASTLE-UPON-TYNE
Northern Venture Managers: M.Denny, 091-232 7068.

NORWICH
Norwich Union Life Assurance: S.Allen, 0603 683 751.

PRESTON/LANCASHIRE
Lancashire Enterprises: R.Bamford, 0772 203 020.

SHEFFIELD
Yorkshire Venture Capital: P.Gilmartin, 0742 722 272.

STAFFORD
Staffordshire Development Association: R.Redfern, 0785 51 449.

STEEL AND COAL CLOSURE AREAS
British Coal Enterprise: P.Andrews, 0623 826 833.
British Steel (Industry): V.Smith, 0742 731 612.

NATIONAL, WITH REGIONAL SPREAD
3i: contact Marketing Dept., 071-928 3131
Lazard Ventures/ Development Capital: Charles Cox, 071-588 2721

Sources: Northern Venture Managers, March Investment Fund, British Venture Capital Association, 3i, Stoy Hayward

From 'hands on' to 'buy-out'

□ *Glossary continued from facing page:*

becoming available and the list also includes a refinancing of the company by another g roup of venture capitalists or the purchase of all the shares by the company's own management.

□ **Hands on/hands off:** some venture capitalists take a very close interest in their investee companies and will provide management expertise to help them get started and in times of difficulty. It is rare to find a venture capitalist who does not claim to be "hands on," but many, in moments of honesty, will admit to being "hands off" or passive investors.

□ **Hurdle rates:** institutional investors have grown restive at the fees venture capitalists earn and have started to insist that funds achieve a basic return before managers can claim their carried interest. They often set hurdles based on a return on gilts or one of the leading stock market indexes.

□ **Independent funds:** these do not form part of larger financial groups. They raise their money from institutional and other investors.

□ **Internal rate of return (IRR):** different people calculate this in different ways but it basically means the compound annual rate of return to the investor. It includes dividend distributions and profits from disposals or the profits shown on a fair valuation of an investee company. Inevitably, venture capitalists differ over when investments should be written down, up or off so the figures are rarely strictly comparable. Most venture capitalists set themselves a target IRR of 30 to 40 per cent on their portfolios though the return to investors may be much lower.

□ **Lemons and plums:** bad investments invariably go wrong before the good ones produce the profits. The lemons usually ripen before the plums.

□ **Living dead:** a portfolio company which is just about trading profitably but which shows little sign of ever meeting the venture capitalist's early high expectations.

□ **Management buy-in:** the purchase of a business by an outside manager or team of managers with the help of a group of financial backers.

□ **Management buy-out:** the purchase of a business by its existing management with the help of a group of financial backers. Buy-outs are funded largely by loans secured on the assets of the company itself. Most of the equity comes from the venture capitalist

□ *Continued on the next page*

RAISING CAPITAL

An entrepreneurs' guide

MOST fund-raising proposals put to venture capitalists end up in the waste paper basket. If the venture firm is not too cramped for office space, they may survive, stacked up in the cellar. The problem investments (many made during the late 1980s) have made venture capitalists even more cautious about backing untried ventures.

A management background is usually required – entrepreneurial enthusiasm is no longer enough – and most venture capitalists are happier providing established businesses with expansion finance than with backing entirely new ventures.

Many venture capitalists claim that their best deals come through personal contacts and professional networks. If you have built up a reputation in your industry or cultivated members of the venture capital community, so much the better. Use these contacts to the full, if only to obtain an informal assessment of your business idea.

If you have not established such contacts, your first approach to a venture capitalist may have to be by means of your business plan, sent through the post.

Individual venture capitalists estimate that they only back between 1 and 2 per cent of the business plans they receive, so your plan needs a lot of thought.

Firstly, make it easy for the venture capitalist to read. Preface your plan with a two-page summary which will allow him to get the feel for your proposal and tell him how much money you need. Do not burden your plan with excessive detail.

Computers have made it only too easy to compute endless "what if" scenarios, but as every venture capitalist knows, forecasts can be made to come up with any result the forecaster wants.

The plan should tell the reader what you are going to do; who is going to do it; how you are going to do it; why you will be doing it that way; and when you will do it. To put it more technically, the plan should explain the product or service, the background and experience of the managers, the market, the operational structure and the financial history and projections.

Where some entrepreneurs go wrong is to explain the product or service in great detail, but to ignore the people who will be carrying out the plan. Tell the venture capitalist about yourself and your team. Good managers can do a lot with an indifferent product or service: poor managers can fail with the most brilliant of innovations.

By the same token, clever technical people can become absorbed by the features of the product they intend to launch and completely ignore the need for marketing expertise or financial management skills. The team and the plan must show a balance.

WHO should write the plan? Some would-be entrepreneurs hand the whole thing over to their accountants. The result may be financial models of exquisite beauty but a lack of "heart." No entrepreneur can expect to defend a plan drawn up by someone else when the venture capitalist makes his inevitable criticisms.

Use your accountant to help out with the financial projections but make sure the plan reflects your personality and ideas.

Who should you send the plan to? The proliferation of venture capital companies (temporarily arrested by the recession) has made it difficult to identify the most suitable recipients. But it is important that you target only those venture firms most likely to respond positively. A bulk-mailing to every one on the British Venture Capital Association's membership list will not add to the credibility of your proposal.

Venture capitalists are sometimes willing to express a preference for particular industry sectors *(see table, page six)*, but few are willing to specialise in too narrow a field for fear of piling all their fledgling companies into one nest.

The terms of the deal which the venture capitalist offers may well be an overriding consideration if you are lucky enough to receive competing offers. But other, less tangible factors should also carry considerable weight. Does the venture capitalist have experience of investing in your type of business? Does his firm have the skills to provide back-up if things go wrong? And does he have the resources to provide follow-up finance?

Of crucial concern will be the value that the venture capitalist puts on your company. This will depend on the stage it is at – valuing start-up companies involves a large amount of guesswork – and the degree to which it already possesses tangible assets.

In calculating a price/earnings ratio, the venture capitalist will make deductions because your business is unquoted (and hence not readily saleable); because your business will lack the product and geographical diversity which cushions more established companies; because the business has a shorter track record; and because the management is probably less experienced than that of a larger, quoted company.

He will increase his estimate of its value if the product or service has bright prospects; is positioned in a fashionable sector; and he faces competition from other venture capitalists.

By calculating the value of your company, the venture capitalist can then work out his projected return, usually referred to as his internal rate of return or IRR.

His IRR calculation will depend on the risk associated with the business proposal; the length of time his money will be tied up; the ease with which he believes he will be able to realise his investment; and the existence of competing venture capitalists.

Raising the funding, however time-consuming and exhausting, is only the start of the venture capital relationship.

Once the contracts are signed, you must come to terms with the fact that you have committed yourself to following an agreed strategy and business plan; to reporting regularly to one or more outside shareholders; to providing your investor with an ambitious return; and to getting on with a new board member with a different set of expectations and responsibilities.

And you thought the bank manager was difficult!

Charles Batchelor

USEFUL READING:
☐ *A Guide to Venture Capital; from the British Venture Capital Association. 3 Catherine Place, London, SW1E 6DX. Tel. 071 233 5212; 36 pages; free.*
☐ *The Insider's Guide to Raising Venture Capital; by Garry Sharp; Kogan Page; 210 pages; £14.95.*

The 1992 Venturer Award winners

■ Small start-up

☐ **Winner:** Stephen Bullock, managing director, Action International Marketing Services.
☐ **Venture capital backer:** Tim Levett, Northern Venture Managers, Newcastle.

☐ Action International Marketing Services, has a record for pioneering new marketing techniques in the highly competitive field of pharmaceutical marketing. Starting in 1989, the company now has a strong client list, which includes such big names as Roussel-Uclaf, Parke-Davis, Pfizer and Schering-Plough. Strategically located near Heathrow, it derives roughly half its turnover from overseas business. The company is confident it can be in the top five medical communications agencies in Europe in terms of market share by next year

■ Large start-up

☐ **Winners:** Jamie Gibson and Adrian Breger, joint managing directors, Breger Gibson
☐ **Venture capital backer:** Philip Goodwin, 3i, Manchester.

☐ Breger Gibson produces a range of innovative baby's nappy products and has risen in only six years to number one position in the UK private label sector, supplying a number of big supermarket and drug store chains. An exciting new product is due for launch shortly which should see the company gaining further market share.

■ Management buy-in/ turnaround

☐ **Winner:** John Shannon, executive chairman, Country Casuals.
☐ **Venture capital backer:** William Brown, Invesco MIM Development Capital.

☐ Following a management buy-in from textile group Coats Viyella in 1989, a new management team has managed to turn around the trading performance of the womens fashion retailer,increasing profits each year despite the severe retail depression. The company has been given a strong design philosophy and a clear target market has been identified.

■ Small management buy-out

☐ **Winner:** David Mace, managing director, Sealife Centre (Holdings).
☐ **Venture capital backer:** Michael Killingley, KPMG Peat Marwick, Southampton.

☐ From one centre opened in Oban in 1979, the Sealife Centre concept has spread to eight other locations around the British coast, attracting in 1991 a total of 2m visitors. The centres have broken new ground by producing imaginative and innovative marine life displays which aim to educate and involve as well as interest and excite visitors. Plans include possible moves to the Continent with joint venture partners.

■ Large management buy-outs

☐ **Winner:** Richard Atkinson, managing director, Eurocamp.

☐ **Venture capital backer:** Leslie Allan, Barclays Development Capital.

☐ Eurocamp has prospered in the tough travel business by offering a tailor-made service to holidaymakers looking for a top-quality campsite holiday in fully-equipped tents or mobile homes. It now offers its 300,000 customers, 40 per cent of whom come from outside the UK, a choice from more than 250 sites. Founded in 1974 and based in Knutsford, Cheshire, the company was acquired by Combined English Stores in 1981 and then passed into the ownership of Next when it bought CES. In 1988 the opportunity for a management buy-out presented itself, since when turnover has increased by 85 per cent and profits have doubled.

■ Expansion

☐ **Winner:** Peter Hall, chairman and chief executive, Industrial Control Services.

☐ **Venture capital backer:** Robert Lucas, 3i, Cambridge.

☐ Industrial Control Services operates in the hostile environment of the North Sea. Founded in 1988 the company's products monitor continuous industrial processes for faults, fire, gas and variances against acceptable performance. Some 80 per cent of the installed safety systems in the North Sea has been manufactured by the company and its technology is now gaining widespread acceptance in shore based petrochemical and other industries.
The company – which employs more than 1,000 people – obtained a listing on the stock exchange in May this year and has built up exports to more than 30 per cent of turnover.

From management fees to 'vulture capital'

☐ *Glossary continued:*

or other financial backer. The management puts up a small amount of finance for a disproportionately large percentage of the equity.

☐ **Management fee:** an annual charge normally amounting to 2½ per cent of the sum invested. Some investors have insisted that the larger funds making later stage investments should charge less because their portfolio companies are less time-consuming. Others argue that the fee should decline as a fund matures and fewer new investments are being made.

☐ **Recovery or turnaround financing:** supplied to companies in difficulties where the venture capitalist sees an opportunity to beef up or change the management and return the company to profits. Some venture capitalists have employed insolvency specialists to identify and manage such investments.

☐ **Refinancing:** can be a sign of either failure or success. If a company performs poorly it may need an extra injection of funds. Equally, if it does very well, the management may decide to refinance the business on terms more favourable to themselves with their original venture capital backers or sometimes a new team of financiers.

☐ **Replacement capital:** funds provided to allow an existing shareholder to sell some or all of his shares.

☐ **Second-round financing:** venture capitalists rarely expect the first injection of funds to meet a business's needs. A second or even a third round of funding will almost certainly be needed later as the business grows or unforseen problems arise. At this stage the original venture capital investor may reduce his holding and bring in others to spread the risk.

☐ **Seed capital:** usually quite small amounts of capital provided to turn a good idea into a marketable product or service; the riskiest form of venture capital since the concept, the technology, the entrepreneur and the market are all unproven. For this reason, seed capital has been in very short supply. Some venture capitalists argue seed capital should not really be necessary since most people should be able to raise, say, £25,000 from savings or bank borrowings secured on their home.

☐ **Spin-out:** a new company set up by a larger established group to exploit new developments or fresh market opportunities and in which the management team and a venture capital backer also take equity stakes.

☐ **Star:** A company which is so successful that it pays for all the failures and humdrum performers in the venture capitalist's portfolio.

☐ **Sweet equity:** the extra percentage of a company's equity which is allocated to the managers over and above the shareholding their own relatively modest financial investment would qualify them for. The extra shares are seen as an additional motivation and reflect the fact that it is the managers' hard work which will ultimately make the venture succeed. Sometimes also referred to as *'sweat equity'* to reflect hard work by the managers.

☐ **Trade sale:** the sale of a company to a corporate buyer. This is the most common exit route (qv) for venture capital backed companies.

☐ **Venture capital:** Equity finance provided usually to young, unquoted businesses to enable them to get started or to expand. Equity funds provide a basis for the company to raise further bank finance and provide a cheap source of funds in the early stages of the business because dividends can be delayed until the company starts making profits.

Venture capitalists say they bring not only money but also management and industrial expertise to their investee companies, but see *Hands On*.

☐ **Vulture capital:** the derogatory term applied to an offer of funds or a deal which gives the venture capitalist an unfairly large equity stake in a company.

Charles Batchelor

BUSINESS TRAVEL MANAGEMENT

While business travel shows some signs of increasing in spite of the recession, companies are still under increasing pressure to control travel costs. **David Churchill** reports on how the lifestyle of the travelling executive is changing

Controlling costs

THE DILEMMA for hotels, airlines and other suppliers of the business travel market at present is that while there are signs of a greater volume of executive travel, there is consistent and steady pressure by companies to reduce their travel costs.

After a decade when travel has grown to become one of the major, but least controlled, costs of doing business – British companies are estimated to spend more than £18bn a year on corporate travel and associated costs – the impact of recession is forcing virtually all companies to impose a far stricter form of travel management than ever before.

The impact of tighter travel management at a time when more executives are actually having to travel to win new business means, for example, that hoteliers are seeing their achieved room rates significantly below published rack rates and airlines face a declining yield on seats filled.

"There is no doubt that the demand for business travel has increased significantly this year in spite of the recession," says Mr David Whittaker, chairman of the Guild of Business Travel Agents.

"But, equally, companies are looking hard at ways of getting the best buy and so some executives may not be travelling in the comfort they are used to."

Mr Eric Brannan, American Express's general manager for travel in the UK, reports a general trend by companies to drive down costs while recognising in some cases that this can lead to tired and disgruntled executives. "One major company has told all its managers that while they can now only travel economy class anywhere in the world, they can allow for an extra two nights' hotel accommodation to take account of jet lag and tiredness," he says.

This drive to reduce corporate travel costs is echoed by Wagons-Lits Business Travel, part of one of the major travel groups in western Europe. Its analysis of business travel spending by companies shows that since May, there has been a fall of between 2 and 4 per cent in such expenditure.

"Many large companies are radically cutting the amount of money spent on travel," says Mr Richard Lovell, managing director of Wagons-Lits Business Travel. "This does not mean they are travelling less; rather, it shows the impact of downgrading from business class seats to economy on aeroplanes, staying in cheaper hotels for less time, and hiring smaller and cheaper cars."

Wagons-Lits says there has been a continuous decline in the average corporate spend on all areas of business travel since the middle of 1991 – with the exception of rail travel in the UK. "This could be due to executives switching from domestic air travel to rail," adds Mr Lovell.

For the hotel industry, hoteliers have been encouraged this year by a rise in occupancy levels but at a cost of reduced room rates. This is the reverse of last year's experience, when occupancies fell but rates remained firm. "The industry reports better occupancy figures but margins are under pressure from companies trying to secure the best deals," says Mr Geoff Parkinson, managing director of Horwath Consulting, a leading hotel consultancy and a division of Stoy Hayward.

Hyatt International, one of the main worldwide hotel chains aiming at the business market, reports a marked change in the attitude of the international business traveller. "No longer are they just picking up the phone and booking their favourite hotel," says Mr Allan Edgar, Hyatt's marketing director for Europe, Africa and the Middle East. "Instead, they are doing a great deal of research, looking for tactical offers and promotions which may be available."

But trading down by executives is not all gloom for the travel industry. Mr Bryan Langton, chief executive of Holiday Inn Worldwide, the world's largest hotel group owned by British brewers Bass, says that Holiday Inn's mid-market appeal has helped boost occupancy levels and margins this year. "As major companies worldwide look to cut their travel costs, their executives are moving from the luxury market to mid-priced properties which offer everything they want at a price they can afford."

International airlines have also been badly affected by the corporate moves to curtail travel costs by trading down. While international passenger numbers so far this year are some 8 per cent higher than last year's Gulf War-affected market, there is still excess capacity forcing airlines on competitive routes such as the North Atlantic to discount prices to fill seats, reducing the yield from the flight at the same time.

Even though economy seats may not be the most convenient for business travellers, because of the restrictions on their use, the airlines are worried about their uptake by executives under cost restrictions. Hence the continued strenuous attempts to woo business class passengers (many airlines are virtually giving up trying in first class, where it is said that less than one in five of the seats is filled by a full-fare paying passenger). Cathay Pacific, for example, has just increased the size of its business class seats and is one of many airlines now offering a free limousine service to, as well as sometimes from, the airport.

Mr Richard Branson's Virgin Atlantic has tried another approach: it now provides full-fare paying economy passengers – typically business travellers who need the flexibility of a full-fare ticket – a special Mid Class seating section. These seats are as spacious as most other airlines' business class seats, but the food is economy standard.

But trading down from luxury to budget hotels or business to economy class on airlines is only a short-term solution to the pressure on travel costs. In a crisis many executives have no option but to toe the company line: yet most companies know it does not take managers long to find loopholes in the system.

Hence moves by companies to develop a more structured approach to travel management, thus controlling costs in the long term, rather than by short-term blanket restrictions. But according to a recent survey by American Express of over 400 leading British companies, nearly half still do not have a formal travel policy which tells staff the type and cost of business travel they can undertake. In contrast, most US companies have some sort of formal travel policy.

Not surprisingly, effective travel management is a niche which the large business travel agency chains are keen to promote. They increasingly offer even more sophisticated management information systems to help companies monitor and control travel costs.

While most of these systems have been aimed at large-scale corporate purchasers of travel, Thomas Cook has recently specially targeted medium to smaller sized companies – which spend £600,000 or less a year on business travel.

Yet the trend in the 1990s in travel management is towards globalisation of the business. "Major multinational companies increasingly demand from their travel agencies a global network so that they can arrange, monitor and control their travel costs worldwide," points out Mr Whittaker from the GBTA. Hence the moves by the leading travel groups – such as the world's top five, Amex, Carlson, Wagons-Lits, Thomas Cook and the Japan Travel Bureau – to establish international networks through acquisition.

New technology may be the key to such globalisation of business travel management – in particular, the development by airlines and hotels of sophisticated computer reservation systems. Mr Roy Burnham,. managing director for the Worldspan CRS operation, one of a number of competing systems, points out that "the average time it takes at present to organise one business travel arrangement is 20 minutes and that usually means at least four telephone calls".

But, he adds, a computer reservation system can cut that time and cost down significantly and give more information. "When corporate travel buyers are linked to it electronically via a travel agent or through their own computers, they can check information about flights, hotels and car hire and can make bookings quickly and easily."

Yet while more effective travel management has been given a boost by the recession, there remains the danger that in the corporate enthusiasm to control costs, the purpose of travel may be forgotten. Travel, even at executive level, is tiring and stressful; company accountants and travel managers would do well to remember that at the end of the day it is on its business travellers that the fortunes of the company often depend.

Sir Colin Marshall, (left) chief executive of British Airways, with David Whittaker, chairman of the Guild of Business Travel Agents

IN THIS SURVEY

Editorial production
Gabriel Bowman

BUSINESS TRAVEL MANAGEMENT 2

COMPUTER RESERVATION SYSTEMS

The aim of a global ring

COMPUTER RESERVATION systems are helping to change the way that business travel is organised. They are a crucial marketing tool for the airlines which own them and they help travel agents provide more flexible, efficient and global customer services.

Increasingly, they also supply the data needed to operate, analyse and oversee corporate travel policies.

From their origins in the US in the 1970s, computer reservation systems (CRSs) have evolved into far more than electronic airline timetables. Today a travel agent can call up a customer's "profile" on a system's central or "core" computer, check late seat availability on different airlines, arrange a complex itinerary, print out tickets, book hotels and car hire – and do it all from a desktop personal computer plugged into a telephone line.

To provide this level of features and sophistication, CRS operators have had to assemble some of the most powerful and expensive non-governmental computer centres in the world.

For example, Air France, Iberia Airlines of Spain and Lufthansa German Airlines invested Ecu 450m in start-up costs for Amadeus, the European CRS which began commercial operations at the end of last year. Amadeus itself has spent a further Ecu 400m on buildings, hardware and software.

This year Amadeus expects to break even with about 100m bookings, having reached the requisite "critical subscriber mass". But even before Amadeus began full operations it lost one of its shareholders when Scandinavian Air Systems decided to pull out.

Inevitably, with entry costs on this scale, and the continuing demands of travel agents for expanded global coverage by system operators, there has already been some consolidation among the competing CRSs.

With entry costs so *high*, some consolidation was inevitable

Last autumn a planned partnership between Sabre, the world's largest CRS, which is owned by American Airlines, and Amadeus fell apart acrimoniously because of last-minute disagreements, described by Amadeus at the time as "fundamental differences of strategy".

Subsequently two other CRSs, Apollo of the US and UK-based Galileo, announced plans to merge, forming a new $1.5bn company called Galileo International owned by 11 airlines including BA, United Airlines, KLM, Swissair and Alitalia.

Then earlier this month Amadeus, Worldspan, owned by Delta, Northwest and TWA of the US, and Abacus, owned by five Asian airlines, announced a co-operation agreement under which they will interconnect their respective computer reservation systems. (Worldspan and Abacus also have stakes in each *other.)*

"No system has the capacity or resources to be competitive on every continent," explains Mr Miguel Vermeheren, Amadeus' director of corporate communications. But travel agencies are increasingly forming international groupings, so CRSs must follow suit.

Initially, this technical link will enable travel agencies with branches or affiliations on different continents to share customer records with their partners abroad. Agencies with authorisation will be able to look at a booking record made on any of the three systems, and make out a new booking if necessary. Eventually, travel agents will be able to transfer and change an original customer booking record if, for example, a traveller alters plans while en route.

"The connection ... is a major breakthrough in Amadeus' strategy to achieve a global ring of computer reservation systems which can fully cover the requirements of travel agencies and travellers worldwide," says Mr Jose Antonio Tazon, Amadeus' chief *executive. "We believe that the* demands of today's travel industry need fuller coverage than is presently provided."

Indeed, business travellers are increasingly demanding one level of travel management across the globe, and using technology is often the only way smaller travel agencies can deliver it. Many travel agents also believe that, even after the recent flurry of mergers and agreements, further consolidation among the CRSs is likely.

Mr Don Lunn, chairman of the UK-based Guild of Business Travel Agents' technical working party, says: "It has always been my view that ultimately we will see just two global systems, and they will also have to 'talk' to each other." Indeed, many industry analysts believe the number of CRSs could shrink to two or three as soon as 1995.

Like most other travel agents, Mr Lunn would prefer to see some competition maintained between systems, if only to provide some negotiating leverage on charges.

Using a PC to access a *modern CRS such as Amadeus,* which is connected to airlines' own computer systems by high speed data links, provides the business travel agency with other competitive advantages.

For example, providing the CRS can provide direct "real time" access to an airline's internal reservation system it is possible to check late seat availability and make immediately confirmed bookings.

But as Mr Malcolm Grubb, technical director for Wagons-Lits Travel, says: "It also allows us to provide a very tailored service to traveller and client." The travel agency can build up corporate and customer profiles held in the CRS, for example detailing what company policy is on flight class or airline, and whether the traveller is a smoker or requires special meals.

By adding in its own management information system software running on the PC travel agents can also capture data from the CRS and then manipulate and analysis it on behalf of a corporate client. In some cases they may be able to *use the data to negotiate better* deals with airlines or other service providers.

CRSs also play an important role in what their airline owners call "inventory control" or maximising revenues from each seat, a vital ability in the fiercely competitive air fare market.

For example, airlines struggle each day to cut prices enough to sell seats on transatlantic flights while keeping them high enough to make money. The dividing line between success and failure is very fine. American Airlines has said that one extra passenger on every flight adds $114m to revenues and almost that much to profits.

Established successful computer reservation systems, such as American's Sabre, can also be an important source of airline revenues in their own right. Sabre takes bookings for 1.6m flights daily and handles 20 times that many inquiries on 740 airlines. Last year Sabre's turnover was about $550m – more than American Airline's entire cargo operation – in spite of the Gulf War and recession-induced slump in air traffic.

The attractions of owning and operating an established CRS have helped make them targets for scrutiny by rivals and by regulators – spurred on by allegations of bias in the way systems display data.

Legislation aimed at weakening the grip of airlines over CRS flight bookings in the US

Early CRSs in particular were built around an airline's internal computer reservation systems. Not only did these "hosted" systems list the parent airline's flights first, something which has now been outlawed by the regulators, they also only provided real time or live access to flight information from the parent airline. Information from other competing airlines, although shown on the system, is only as good as the last update.

These and other concerns about competition were behind a vote last month in the US House of Representatives which approved legislation *aimed at* weakening the grip of American and United Airlines over CRS flight bookings in the US. About 70 per cent of US flights are currently booked through the systems owned by the two airlines.

The bill, which is opposed by the Bush administration, would make it easier for travel agents to switch to other systems and require that travel agents be able to book, with equal ease, flights on any airline regardless of whose system is being used.

Proponents of tougher CRS supervision on both sides of the Atlantic say legislation is necessary to prevent CRS owners from using their control to undermine airline competition.

Although all CRS owners are adamant that their own systems have no favourites, their critics are unlikely to go away. The pressures on airlines to dilute ownership through further CRS mergers, or set up their *systems* as independent companies, are therefore likely to grow.

Paul Taylor

Case study: LILLIPUT LANE

The route to Atlantic discounts

FOR TOO many chief executives of small and medium-sized companies, a travel policy goes no further than asking a secretary to book a hotel and an aeroplane ticket. *This is both inefficient and* expensive. The competition currently gripping the airline and hotel industries has flushed out plenty of bargain deals aimed at businessmen, who have the reputation of being frequent travellers with generous budgets.

Mr John Russell runs Lilliput Lane, a Penrith-based company with a turnover of £12m. Its business is manufacturing small model houses – English country cottages, Scottish castles and the like – for the gift and collectables market. There is a growing demand for such decorative accessories, especially in the US, and turnover has grown steadily in the 10 years of trading.

Around 30 per cent of sales are overseas, mainly to the US, which means that Mr Russell *travels the Atlantic every* other month. Until 1989 travel was arranged on an *ad hoc* basis but then, through social contacts, he signed up with North Shields based specialists Dawson Sanderson, through which he now funnels all his travel and accommodation needs. Lilliput Lane gets discounts on its travel – and a much more efficient service personally handled by a senior executive in the travel agency.

Lilliput Lane is a beneficiary of the arrival of new US carriers flying the Atlantic, in particular American Airlines. Since its arrival over two years ago, it has attempted to build up regular clients by offering companies like Lilliput Lane discount deals, which are unavailable on British Airways for companies of this size.

Mr Russell *spends around* £150,000 of his total annual travel budget of £250,000 on crossing the Atlantic and touring the US, mainly flying from Manchester. By hitting fixed expenditure targets, he qualifies for discounts on American Airlines which can be taken in the form of free tickets. The fact that the deal covers travel inside the US helps boost his mileage.

He could use the bonus for upgrades, but prefers to stay in business class. Sometimes junior executives fly economy on the bonus tickets. On routes *to Europe and south-east Asia,* where competition is less intense, there are fewer opportunities to save money.

Discounts are readily available in hotels. But most businessmen do not want to get involved in haggling at the desk

Mr Russell has discovered, through Dawson Sanderson, that discounts are readily available in hotels. So intense is the competition in the US that savings of up to 50 per cent can usually be found in the cities he visits on business. The agency uncovers the best room rates. Of course on arrival individual hotels, now often run on a franchise basis, would probably be prepared to offer even greater discounts if *there are rooms available. But* most businessmen do not want to get involved in haggling at the desk.

Dawson Sanderson acts as a catalyst for Lilliput Lane. It is the go-between on the arrangement between the company and American Airlines, but Lilliput Lane also shares in the discounts that the travel agency obtains through its contacts and working arrangements with other carriers flying to Europe, south-east Asia and elsewhere. So there are one-to-one deals and general discounts to be gained from the relationship.

Another tangible benefit for Lilliput Lane is that its employees can enjoy savings on their holiday travel by booking through Dawson Sanderson – the service covers *the entire workforce.*

And all this costs nothing. Dawson Sanderson takes its profit from the carriers and the hotels. Indeed, Mr Russell is starting to receive discounts from the travel agency in recognition of the amount of business he is putting its way. Mr George Paton, who runs Dawson Sanderson, acknowledges that the business travel agency world is becoming as competitive as the transatlantic air trade and that loyal clients should enjoy some of the benefits from the deals available.

Antony Thorncroft

VAT refunded

MANY companies are unaware that they may be entitled to a refund of taxes paid when their *employees travel in Europe for* business purposes. If a company has one or two business trips a year, in all likelihood it is missing the opportunity to recover substantial amounts of money to which it is legally due.

In the past two years, many European countries – specifically, Belgium, Denmark, France, Germany, Italy, the Netherlands, Spain and the UK – have adopted legislation allowing foreign corporations to obtain a refund of VAT paid on business-related services used by their employees travelling for business reasons. These services include hotel accommodation, meals, car rentals, conferences and trade shows. All these countries have also set up a retroactive claim period, allowing a company to go back six or 12 months (depending on the country) for refund purposes.

To date, few companies have taken advantage of the opportunity to reclaim because of the complexity of the rules and the time-consuming tax refund application process.

However, Meridian Reclaim Services claims it can make the process simple. It offers to handle all the necessary paperwork to process a VAT refund application, including assisting companies in organising past claims as well as setting up procedures to enable them to recapture future VAT expenditures.

The service is cost-free to the company if Meridian fails to obtain a refund. All the work is done by Meridian, so the company has nothing – neither time nor money – to lose.

□ Meridian Reclaim Services, 202-204 Finchley Road, London NW3 6BX. Tel: 071-435-5677. Fax: 435-6541.

Europe's companies are at last coming to terms with a problem

For want of a policy

DO YOU know your company's policy towards travelling on business? Does it even have a formal travel policy?

For many executives, the answer to both questions is decidedly in the negative. While business travel and associated costs such as entertainment and lodgings represent significant expenditure for companies large and small, the approach to controlling these expenses has been largely dilatory over the past decade.

"Business travel is more often than not a company's third largest controllable expenditure after information technology and salaries," points out Mr Graeme Payne, director of Reed Travel Training, which runs courses in business travel planning for secretaries and in-house travel organisers.

"Yet in spite of the recession, corporate travel policies are still much less in evidence in Europe than America," he adds.

But Europe is catching up. The latest biennial American Express survey of corporate travel practices – the fifth in the series – reveals that for the first time a slight majority (52 per cent) of the 400 companies surveyed had a formal written travel policy. A further 43 per cent said they had informal guidelines only, while one in 20 of those surveyed had no travel policy at all.

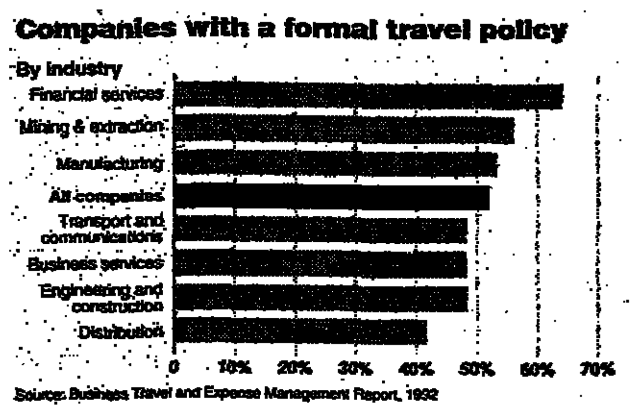
Analysis of the Amex survey shows that over a quarter (29 per cent) of companies with 20 or more employees who travel regularly on business had a formal policy, rising to 71 per cent for companies with 50 or more travelling staff. By type of industry, the Amex survey shows that service companies are most likely to have a formal policy, while distribution companies are least likely to have one.

Formulating a travel policy is, according to the survey, usually done by the board or management committee – cited by some 62 per cent of companies sampled by Amex. In larger companies, however, it is sometimes an administration or personnel function which formulates the policy.

Top management support is vital for having a successful policy. "This support can be gained in many ways, although the most effective is to carry out an audit of the company's expense claims and travel and entertainment expenditure," points out Mr Jim Jamison, Amex's executive vice-president for travel management services. "By auditing a random sample of reports, the company will have a far better picture of current travel practices, areas of waste or abuse and opportunities for cost savings."

But he warns of the danger of operating a travel policy half-heartedly. "Many companies make the mistake of wanting to save travel costs but not being willing to make any real sacrifices to achieve this. Such indecision can render any travel policy unworkable."

Moreover, when formulating a policy it is important to gain the support of all those involved in the travel management process – including travellers, secretaries who book travel, managers who authorise the expenditures and personnel, finance and audit staff. Many policies fail because they are imposed from above without any reference to those actually involved in the travel.



Source: Business Travel and Expense Management Report, 1992

Of course, the biggest drawback to a policy working successfully in practice comes from business travellers themselves. As more and more companies attempt to restrict travel in business and first-class on airlines, for example, so executives seek ways round the policy.

"Travel is a highly personal business and nearly every executive has personal views and preferences about the type of hotel airline and so on," points out Mr Richard Lovell, managing director of Wagons-Lits Travel, formerly Pickfords Business Travel.

He cites the example of companies which restrict all air journeys of six hours or under to economy class, except where the traveller has a medical reason such as a bad back to fly business class. "This has led to a proliferation of bad backs in the business world," he suggests.

Flying is one of the major direct costs of business travel and therefore an area where travel policy is most keenly applied. Some three-quarters of companies in the Amex survey with a formal travel policy also exercised control over employees' air travel.

However, that can be the area of management control which most irritates executive travellers. Why, they argue, should they be increasingly forced to fly economy class when this leaves them exhausted on arrival from coping with cramped seats, noisy children and "back-packing" tourists? This is an issue where excessive concern with controlling costs can sometimes work against the effective carrying out of business.

But there is a further complication. Many airlines seek to avoid corporate travel policies by selling direct to a traveller who has the incentive, for example, of a free economy ticket if a business class seat is booked. "Such methods are a source of considerable irritation to much of travel management since it is well nigh impossible for a company to benefit from these incentives," points out Mr Lovell.

Moreover, there is the incentive of frequent flyer programmes. Many executives insist on flying with a particular airline to gain benefits such as Air Miles (from British Airways) or those schemes offered by US carriers. Few companies, it seems, ask their executives for the frequent flyer points to be allocated to the company.

A travel policy, however, should not be viewed as just a means of determining the class of airline flight or quality of hotel. The policy should cover all aspects of travel management: from the planning of the journey, through to those making the actual arrangements, on to the funding and payment systems used, and to how the expenses are reconciled.

It is also important to ensure that all those involved are given a written copy of the policy: where companies rely on "word of mouth" to spread the policy, then misinterpretations easily (and sometimes intentionally) arise.

The policy should also, where feasible, be given to any regular travel suppliers, such as hotels, car rental companies, and travel agents. It should be regularly monitored – often with the help of management information supplied by business travel agents or charge card operators – and regularly reviewed, perhaps on an annual basis or more often if market conditions are changing rapidly.

Perhaps the most important point about a travel policy, however, is identified by the Amex survey. This emphasises that a travel policy will only bring about cost savings if it is actually applied in practice. The survey found that 51 per cent of companies claimed to have negotiated special rates for hotel accommodation – yet only 39 per cent actually stipulated which hotels their staff should use. American Express said it was "puzzled" why a "sizeable number of companies do not insist on employees using the very hotels for which favourable rates had been specially negotiated".

David Churchill

THE AIRLINES

Fewer suits, fewer hassles

DESPITE THE aftermath of the Gulf war and a well-entrenched recession which have dealt hammer blows to the airlines, business travellers are still taking to the skies in vast numbers on overseas corporate trips. Britain's Guild of Business Travel Agents, whose members reputedly handle more than 75 per cent of all business air traffic, has announced a £3.6bn turnover for 1991, a 4.3 per cent increase on the previous year.

The same story is reflected in the performance of individual airlines. Dan Air, for example, has announced a 27 per cent increase in its July-August 1992 figures for business travel over the year before.

But what the statistics do not reveal are the marked changes in the profile and demands of the business traveller in the past couple of years. These changes have been brought about by shifts in work style and company structure, the globalisation of industries and, inevitably, tougher controls on travel budgets.

According to Ms Fiona Stewart of the Henley Centre for Forecasting, there has been a decline in the "macho" approach to air travel. "We are no longer going to have business class full of grey-suited business men. Today people are more casual in their dress, there are more female business passengers, more vegetarians and less interest in the glass of champagne and bag of goodies."

Ms Stewart believes that the airlines need to look very closely at these changes, not only with regard to in-flight service but also on the ground where the need for convenience also has to be recognised. "People want a hassle-free journey to the airport and through the airport," she says.

But it is not just the profile and requirements of the business traveller that have changed. The type of person making travel arrangements inside organisations has changed too, according to British Airways research. "The decision in terms of what travel policy should be implemented may previously have been made by a travel manager or even the personnel department," says Mr Kevin Hatton, BA's general manager for UK and Ireland sales. "But today, as companies tighten their belts, that same policy will be set by people far higher up the corporate structure."

"As belts tighten, policy will be set by people higher up the corporate structure"

Recession-survivors in an airline industry which has suffered heavy casualties have responded to a tougher, more demanding marketplace with a variety of products and services. New technological developments such as CRS systems have helped corporate clients to manage their travel arrangements more swiftly and effectively with payments facilitated through a bank settlement plan: this ensures that the travel agent presents the company with a single bill while the bank settlement plan sees that all other parties are paid.

Larger companies with a guaranteed number of business passengers can also exercise buying leverage. Many of the airlines admit to being prepared to offer a favourable rebate: this can be as little as 2 per cent but in some cases as much as 10 per cent of the bill. According to Business Traveller magazine, the best deals are to be had on the long-haul routes where there is more competition between airlines than on short-haul flights in and around Europe.

Despite the bargaining element that has emerged in the business travel market, companies such as British Airways and American Airlines are keen to emphasise the importance of maintaining a good yield on ticket sales to protect their long-term business. "We want to be able to secure the best yield possible," says Mr Brandon O'Reilly of American Airlines. "We don't want the average ticket value to go down and leave us in the position of not being able to reinvest in our product and service."

Mr Hatton of BA claims that his airline has turned away business from companies which has been motivated purely by cost. "We won't always go to the bottom rate as it just is not good for us. Without the margin we can't reinvest."

The airlines also claim success in doing their homework on what both business travellers and their employers want from carriers. Virgin Atlantic, for example, says it has emphasised product value with its Upper Class fare – claimed to be first-class travel at business class prices with a free limousine thrown in – and Mid Class category to appease the traded-down business class passenger who found himself paying a full economy fare.

Service on the ground has not been neglected, either. KLM has recently opened a new £500,000 business class lounge at Heathrow's Terminal 4 complete with fax, phones and free drinks. And the business class traveller flying between Dubai and the UK with the Emirates airline will get free chauffeur-driven car transfers from three British airports. (Emirates, incidentally, plans to introduce satellite telephone communications for passengers in its wide-body aircraft.)

Japan Airlines has announced a range of value-added benefits in a bid to win the loyalty of travellers on its key routes. Its Big Express services available to first and executive class passengers will include special baggage arrangements, improved in-flight services and, on arrival, a free phone loan and priority baggage service.

Gatwick-based Dan Air, meanwhile, is also targeting improvements for the business traveller. Its Class Elite service offers dedicated airport lounges, wider seating on the aircraft and priority disembarking. As many as 45 per cent of Dan Air's scheduled flights are business travel. This makes it a highly important market sector for the airline.

Mr Robin Wilkins, Dan Air's general manager, believes his company's ability to sustain customer loyalty lies with the provision of more flights at more convenient times and more support on the ground. "It is the interchanges in air travel that cause the problems. Our aim is to be able to provide a seamless service," he explains.

BA "has turned away business from companies motivated purely by cost"

American Airlines, which claims to be the largest US airline operating in the UK, also lists a wide range of business travel benefits, from a special Admirals Club equipped with personal computers, fax machines, telephones and meeting rooms to an air miles credit scheme and priority baggage handling.

Across the board, the picture is that the airlines have become serious about meeting the needs of the business traveller and the companies which foot the bill. But are they getting the complete package right? Mr George Paton, a member of the Guild of Business Travel Agents, believes they are: "The airlines are aware that we are in an age of the consumer and that they have to produce a product to suit a market and attitude that wasn't prevalent 15 years ago. The airlines have very sophisticated marketing policies. The ones that will succeed are those who truly understand the market."

Travel agents are, of course, the first link in the chain for the business traveller. A good one will be able to secure the best deals and negotiate a path through the maze of special prices, exclusive lounges and bonus incentives on the ground and in the air. The choice is becoming more complex and bewildering all the time as airlines fight for market share and premium yield on tickets. But on long-haul flights at least, the bargains are out there.

Wendy Smith

HOTEL DEALS

A story that ought to be discounted

HAVE YOU heard the one about the man who walked into one of London's top hotels, said he was prepared to pay no more than £50 a night and was offered one of the best rooms in the house?

The story, or a variation of it (the man sometimes offers £75) has been doing the rounds throughout the current recession. As in all the best stories, however, the man who paid £50 a night is difficult to track down. He is invariably a friend of a second cousin or a neighbour of a colleague and his name proves oddly elusive.

Mr Michael Ball, marketing director of Utell International, which handles sales and reservations for 6,500 hotels worldwide, says the wilder discounting stories began to circulate during the Gulf War, when some hoteliers began to panic.

But one of the remarkable features of 1991 as a whole was that while hotel occupancies plunged, the cost of staying in them increased. Mean average room occupancy in London hotels fell 11.3 points last year to 63.7 per cent last year, according to a survey by Horwath, the hotel and leisure consultants. But the achieved average room rate rose 9.5 per cent to £81.62.

Even in London's luxury hotels, where occupancy fell 14.9 points to 56.4 per cent, average room rates rose 5 per cent to £175.06. In England as a whole, room occupancy fell 6 points to 51 per cent. Room rates rose at a slightly higher level than inflation, increasing 4.7 per cent to £51.79.

Although huge discounts might not be available, companies and travelling employees should not regard the official rates as immutable. The Horwath survey says: "A discount culture prevails among consumers and published tariffs continue to show significant disparities when compared with achieved room rates."

That many companies need to reduce their hotel expenditure is not in doubt. Mr Peter Haigh, Marriott's sales and marketing director for the UK and Ireland, tells the story of the corporate travel manager at a US bank who has been instructed to reduce his expenditure by 40 per cent.

For US companies, the weak dollar represents an additional problem, with managers who travel to regions with stronger currencies having to pay more. Some hotels in the UK, which rely on the US for much of their business, have attempted to make life easier for travelling Americans. The Savoy Group, which gets 50 per cent of its customers from the US, began last November to offer American guests rooms at a fixed exchange rate of $1.70 to the pound.

Executives in the travel industry say there are several ways in which companies can reduce the amount they spend on hotel bills. Mr J. J. Doran, head of travel development for Asia, the Middle East and Africa at travel agents Thomas Cook, says it is generally easier to cut hotel costs than to reduce the cost of flying. Despite the range of air fares on offer, there is a greater variety of hotel rates.

Mr Ball says all hotel customers should inquire whether hotels offer a corporate rate, which can be 10 per cent less than the posted price. The corporate rate is not only available to guests from large companies. Increasingly, he says, the corporate rate is obtainable by "virtually anyone with a briefcase".

Managers in the industry say that companies should also find ways of maximising their bargaining power with hotel groups. Even relatively small hotels now have computer systems which enable them to assess who their most frequent and loyal customers are. These are the companies that get the most attractive discounts and there are ways of becoming a favoured customer.

The more a company uses a hotel, the more likely it is to get a larger discount. Mr Doran says companies should look at how many hotels they use in each city. It is usually possible to reduce the number and ensure that more employees stay at fewer hotels.

But Marriott's Mr Haigh says that the number of room nights booked by companies is not the only factor that hotels look at when deciding how big the discount should be. Another important factor is when the customers use the hotels. Companies which book their managers into hotels during busy periods only are not as attractive as those who travel all year round. December and January are lean times for hotels. Companies that use the hotel during these months and other quiet periods can usually strike good deals for the year as a whole.

Whether or not companies should decide to eschew expensive hotels altogether is a more difficult decision. Some worry that customers and potential customers will not take company managers seriously unless they are staying in a leading hotel.

Tourist industry officials, however, say that many visitors are staying at cheaper hotels than they might have used in the past. Mr William Davis, chairman of the British Tourist Authority, says: "There is a notable tendency to trade down. Many overseas visitors are looking for cheaper accommodation, cutting their length of stay, or even staying with friends and relations."

Although the last option is probably not open to many corporate customers, the Horwath survey also found evidence of business travellers staying in cheaper hotels.

Mr Doran says companies should decide which of their travelling employees need to stay in expensive hotels and which could stay in cheaper establishments without affecting the standing of the company. Less high profile employees might not need the status and services of a luxury hotel and might, in any event, welcome the opportunity to stay somewhere less pretentious and more comfortable.

Michael Skapinker

Colin Beere

The Lanesborough Hotel at Hyde Park Corner, London: for the business traveller with a higher profile

Glyn Genin

There is room for a business person to work as well as sleep at the new Copthorne Caerdydd Hotel, owned by Aer Lingus

COMPUTER RESERVATIONS

Hotels must catch up

INFORMATION technology for hotels is an immature, fragmented market with great scope for growth and the refinement of existing products and services.

According to a Mori survey carried out this year for International Business Machines, the largest hardware supplier to hotels using computers, 70 per cent of the hotel chains polled were not linked to a computerised reservation system. The survey, of 100 British IT and marketing managers, also found that only slightly more than half the respondents were taking advantage of property management systems – those that allocate rooms to guests and keep track of housekeeping, maintenance and supplies.

"The industry has a bit of catching up to do," comments Mr Richard Horsfield, IBM UK's hotel services group manager.

To the extent that the technology is not taken up, travellers are deprived of the efficiency gains that computers can bring to itinerary planning. Hoteliers forgo added precision in their management accounts.

Where computers are used, improvements are taking place at the point at which the customer usually makes his first contact with the electronic net – the airline-owned ticket reservation systems which also accept hotel and car hire bookings. Hotels are beginning to opt for direct on-line links with these systems. Such direct links allow hotels to sell rooms off their own bat and in tandem with the intermediaries, such as Utell, which market a substantial portion of some inventories.

"In three years, at the outside, all the leading hotel chains will have such direct links," says Mr Carl Holton, head of marketing for the UK arm of Galileo, the reservation system owned by 11 US and European airlines.

With a direct link, confirmation of room requests is instantaneous, and eliminates the potential for lost fax and telex messages which some travel agents say still adds an element of uncertainty to room bookings.

"We're looking to the day when we can book a hotel room by computer and know that it is as secure as an airline ticket issued the same way," says Mr Neil McNair, information and technologies manager at The Travel Company, a travel agency.

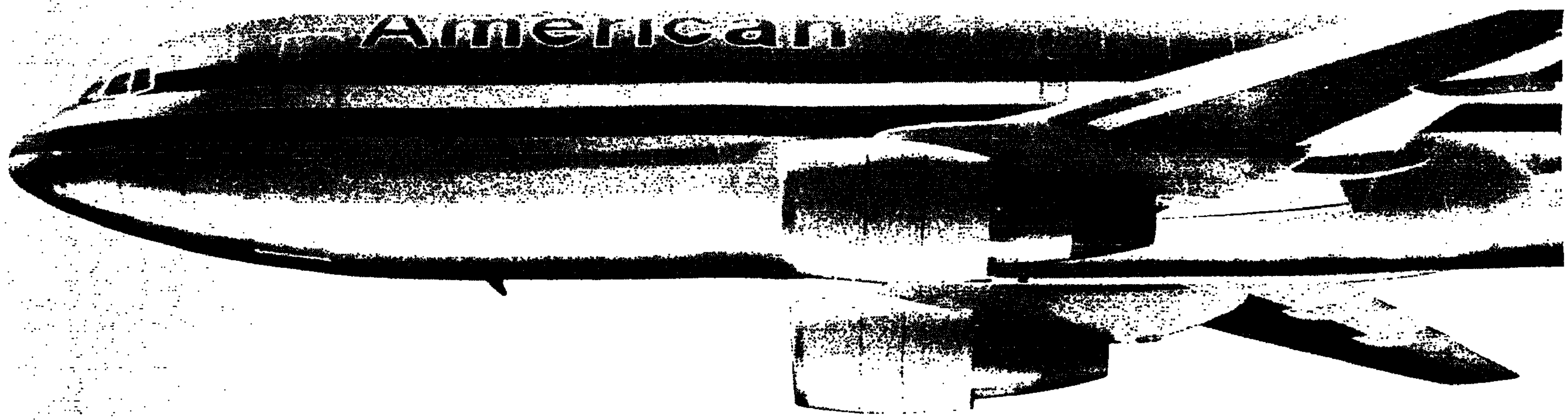
Another place where more direct computer access is being applied is in the central reservations systems operated by the hotels themselves. When fully automated, these process bookings for a whole hotel chain or group at a single office and send them down the wire to individual properties. Forte Travelodge takes 12,000 to 14,000 reservations a week on such a system designed by Innsite, the largest of the hotel software suppliers with 1,500 installations worldwide.

Suppliers appear to be striving hard to match products with hoteliers' perceived needs. Last year, 98 suppliers (only a fifth of them specialists in the sector) launched a record 31 new software products into a UK market worth £30m, according to a report by Hill Associates, the consulting firm, in conjunction with the trade journal Caterer & Hotelkeeper. This effort was probably stimulated by feedback from systems buyers who gave availability of software to fit their particular business as the single most important influence on their buying decisions – before price, range of system features and speed.

Even so, more than a quarter of the hotel and catering businesses analysed in the Hill report – 74 per cent of whom said computers were essential to their work – said there was a gap between needs and available systems. "This suggests there is a considerable opportunity for further product development," the report says.

The future holds the promise of higher spending by hotel groups on computers. The IBM survey notes that 46 per cent of IT managers intend to spend more on computers this year

Continued on Page 6



American to the Americas.

If you're heading to the Americas on business, American Airlines has all the right connections.

Only American flies from 5 UK airports.

Only one airline is big enough to offer you transatlantic service from 5 UK airports: American Airlines.

In fact, only American flies from all 3 major London airports: Gatwick, Heathrow and Stansted, plus Manchester and Glasgow.

With American, you get the widest choice of airports. So you can choose the one that suits you best.

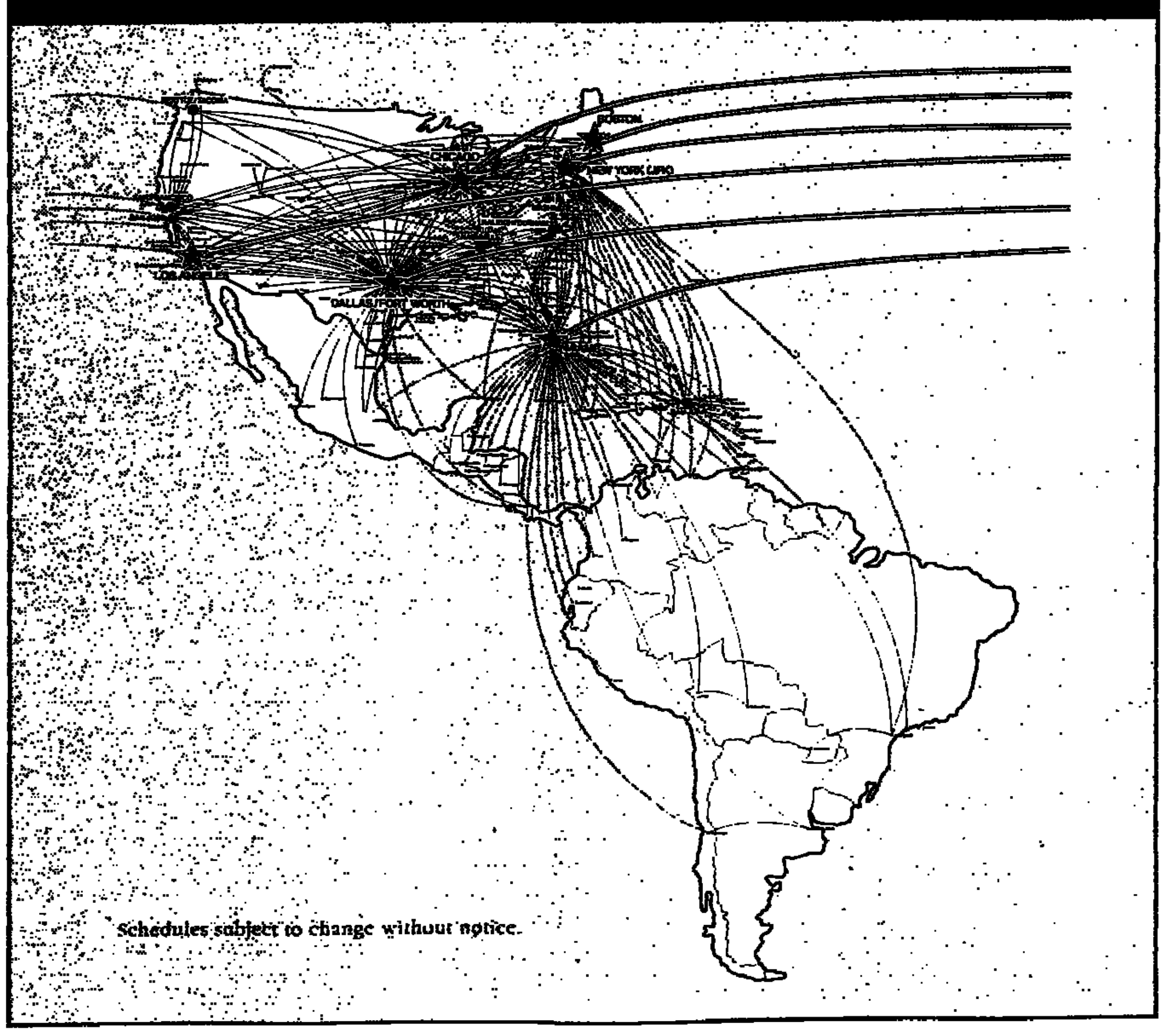
Fly from your choice of Heathrow, Gatwick, Stansted, Manchester or Glasgow.

From the UK, American offers you 15 non-stop flights daily.

Including 9 flights from Heathrow to New York, Chicago, Boston, Los Angeles and Miami.

Two flights daily from Gatwick to Dallas/Fort Worth.

From the UK, no other airline offers you more flights to more cities in North America, Central America, South America and the Caribbean than American Airlines.



The only daily non-stop service from Stansted to Chicago.

Daily non-stop service from Manchester to both Chicago and New York.

And exclusive daily non-stop service from Glasgow to Chicago.

All with fast, convenient connections to over 300 cities worldwide.

Fly to over 300 cities without changing airlines.

From the UK, you can fly American to over 240 cities throughout the US.

Plus over 60 more in Canada, Mexico, the Caribbean, the Bahamas and Central and South America.

Miami is the gateway to all of Latin America, plus Mexico, the Bahamas and the Caribbean.

From Miami, American offers you more flights to more cities throughout the Americas than any other airline.

Fly American to the Americas.

For reservations, call your Travel Agent. Or call American Airlines on 0800 010151.

AmericanAirlines®

Something special in the air.®

Responsibilities are shifting in the industry as the customer-supplier relationship changes

When agent steps on manager's toes

ARE TRAVEL managers a dying breed? As recession grips more and more companies, the specialist function of travel manager is slowly being absorbed by some companies into other administrative functions and the bulk of the responsibility is being contracted out to travel management companies.

Travel purchasing in larger companies over the last five years has been disappearing into general purchasing departments or financial departments. In contrast, smaller size companies – which do not have the attendant big bureaucratic set-ups of their larger counterparts – are generally keeping this function with, say, the managing director's secretary.

New technology is turning the traditional role of travel manager on its head

Travel managers have always been the central purchaser of travel as a means of controlling travel costs. The argument went that one person who centrally bought travel could therefore have the buying muscle to negotiate more competitive prices. This has not changed; but it might be a travel agent who becomes, in effect, the travel manager, reporting to a purchasing manager at his/her client company.

Any large organisation which spends large sums of money getting its executives from A to B should procure that travel by a purchasing specialist. The establishment of such a function within or outside a company not only creates opportunities for negotiating bulk-buying terms but it also contributes to the streamlining of administrative procedures which conserve executive man-hours.

The advantages of such an arrangement are obvious, travelling executives are relieved of time-consuming chores such as obtaining and checking tickets, making hotel reservations, updating passports and processing visa application forms. The travel manager or travel agent can also organise a business trip in collaboration with airlines, hoteliers, car hire companies and travel agents to ensure that the executives arrive comparatively free of frustration and in optimum working condition.

New technology coupled with a trend of company divestment is now turning the traditional role of travel manager on its head. The advent of sophisticated management information captured at point of sale by computer reservation systems (CRSs) had turned traditional business travel agents into travel management companies as they try to win business on the strength of having a better handle on travel costs

It means that, in some cases, the travel manager is reduced merely to administering the customer-supplier relationship as there is no longer an in-house travel department. This takes up 30 per cent of a purchasing manager's time or of that of someone who has a clerical function.

"A comparison can be drawn with the gradual disappearance of in-house advertising departments in the 1960s, leading to a functionary such as a marketing manager/director having the customer/supplier relationship with out-based advertising agencies and media buyers," explains Mr Richard Lovell, managing director of business travel agent Wagons-Lits UK.

What has fuelled this trend is those companies divesting themselves of non-core business. "It's a way for a company to strip out as much cost and overheads as possible," explains Mr Michael Cleeve, former business travel manager at British Telecom and now head of his own consultancy advising on travel and expense management.

Business travel agents, or travel management companies as they prefer to be called nowadays. have picked up new business but they are not all the way there yet and even some agents would admit that.

"There's a bit of a vacuum left when the travel manager goes and the travel agent isn't doing all his or her work. There are gaps, particularly in the processes which link the business traveller with the travel management company," says Mr Cleeve.

One problem area is effective communication of the various deals that have been worked out with the travel suppliers. A generous route deal with an airline will be lost if none of the travelling executives patronises that airline. Communicating such deals to large companies with several sites around the country is difficult.

Mr Cleeve argues that business travel agents should refine a company travel policy, help build some synergy between the company and itself and communicate it effectively. "So often the travel policy and desired practice are remote from the traveller," says Mr Cleeve.

As a general rule, travel agents welcome this new-fangled customer-supplier relationship as it can lead to a clearer definition of responsibilities and service standards and also clarify how an agent will be paid.

Traditionally, travel agents make their living from commission earned when booking travel products. But with large accounts, say, those over £1m a year and which are simple to manage, a fee-based payment system is often better. Under this arrangement, an agent invoices his or her customer for airline tickets, hotel bills and car hire net of commission and instead, charges a service fee. The fee is a percentage of sales. Alternatively, companies might find it easier to pay their agent a transaction fee for each booking. It will all depend on the size of the account.

Clearly, the world of travel management is in upheaval but the increased set of options spell good news for any company trying to make sense of containing travel costs.

Gillian Upton
Editor, Business Traveller

Does it pay for a company to have a travel agency on its premises?

Why the implant could be on its way out

THE ARGUMENT for employing a travel agency implant to organise your travel is weakening as new technology reduces the need for specialist staff to occupy your premises. It will not be long before all arrangements can be handled over the telephone, writes Gillian Upton.

The arrival of screen-based information and satellite ticket printers (STPs) for those companies with a large requirement for ticket issuing has made the difference. STPs allow airline tickets to be printed and issued remotely, negating the need for in-house agents to print them.

Large companies with a high number of frequent travellers, a significant travel budget and demand for last-minute arrangements have been driving this segment of the market but their needs could be satisfied out-of-house. But what cannot be satisfied is the face-to-face interaction between travellers and travel staff and the emotional reassurance that often brings with it.

A travel agency implant is defined by the full-time use of something between one and 25 travel agency staff subcontracted to your company and working on your premises. On the plus side, it automatically releases a full-time travel manager from day-to-day administration and leaves him or her to undertake a more long-term, strategic role. It also saves on the payroll, the implant staff can better integrate and become part of the culture of the company and perhaps do a better job.

The business travel agents – American Express, Hogg Robinson, Thomas Cook and Wagons-Lits – compete with each other for a slice of this market sector.

Those who dislike this arrangement point to possible security problems in companies where the whereabouts of top executives may be sensitive information, to the potential conflict of interest of the agency staff being loyal to their agency rather than the client and the fact that implants take up valuable floor space, although that has been less of a problem since UK commercial rents nosedived. Space for an implant is usually provided free of charge or well under the going rate to the agent.

The anti-lobby say that it is important that implant staff work under supervision of a trained company travel manager whose goal it is to seek money-saving opportunities.

Mr Norman Dickens, a travel manager from a large US oil company, has managed an implant for his employer for many years and vigorously defends their usefulness. "We're in the business of energy, not in the business of running a travel agency. The implant takes on all the responsibility of purchasing, the electronics, training staff, and there are definite benefits.

"I make and maintain the standard of travel and do it as economically as possible," he adds. Thomas Cook runs the implant with four full-time staff, handling 85 per cent of the client's UK business. The company spends £2m a year on air tickets.

In contrast, one division of BT (British Telecom) rid itself of a travel agency implant some 15 months ago. Mr Jeremy Ing, BT Asia Pacific personnel manager, explains: "You lose the convenience of being able to wander down to the department and fix an itinerary on the spot but the agent is only a phone call away: we're getting better deals using an agent out-of-house."

The agent in question, Thomas Cook, sends a courier two or three times a day to drop off tickets and travellers cheques and each travelling executive picks up the phone to pass on his/her requirements. "The traveller is only doing what they were doing previously, deciding where and when to go, so it's no extra work," says Mr Ing. "We had a lot of resistance from the travellers initially, but that was only to the change," he adds.

The BT division, in Southall, Middlesex, employs 70 people, at least half of whom permanently travel, predominantly to the Pacific region and to Africa. The combined air and hotel spend annually of this division is around £4m.

BT has lost the shared overhead of a travel manager, gained the floorspace the implant took up and is now reaping the benefit of getting the rebates previously passed direct to the implant.

Mr Ing and his counterpart in finance share the in-house responsibility but he admits that very little of his time is spent on day-to-day liaison. "It's been a gradually improving service over the 15 months," he says, explaining that he can exploit Cook's larger network of hotel discounts and airline deals.

Nicholas Lander looks at a new phenomenon that has brought fresh blood into the market

The luxury of staying at a small hotel

ALTHOUGH THE British Hospitality Association, the voice of the hotel industry, is eager to emphasise the importance of the large hotel corporations – Hilton, InterContinental or Forte – it is also keen to stress that, despite these major players, most of the hotel industry remains small-scale and personal.

Of the hotels in the UK, 62 per cent have fewer than 10 bedrooms and remain privately-owned.

The vast majority of these hotels not only provide their owners with an income but also, invariably, a small part of the hotel to call their own. Over the past 20 years, however, there has developed a new phenomenon in the hotel market – the small luxury hotel.

These have attracted new blood and new finance into the industry. Today, the most successful count as their managing directors a former TV presenter and an ex-management consultant.

Some have been purchased with the proceeds from the sale of former businesses, some with the help of banks keen to lend on what seemed to be ever-increasing property values, others as a result of business expansion schemes.

This new blood has also led to far more sophisticated marketing techniques. In the early 1980s, when the market was booming and Americans were eager to spend money in British hotels, restaurants and antique shops, many small hotels began to seek some form of association merely to handle bookings more efficiently.

The year 1985 was the high-point but there followed a series of events which shook the hotel industry: the bombing of Libya, Chernobyl, the Gulf War and now the recession.

Today, the small luxury hotels need one of the three major marketing associations to massage the slowly reviving American market and to search out new customers from Europe and Asia.

Three associations are massaging the slowly reviving US market

Of the three, Pride of Britain is the youngest. Formed in 1982 at the instigation of Mr Gerald Milsom, proprietor of Maison Talbooth in Essex, it now boasts 31 hotels and 13 restaurants, all based in the UK. Its emphasis is on small hotels with 30 rooms or less, which are in private hands and retain a strong degree of owner-involvement.

From its inception, Pride of Britain targeted the American market via an association with Abercrombie & Kent, the upmarket British travel agent based in the US. Every year Mr Tony Elliott, Pride of Britain's chairman, and Mr Michael Yeo, its chief executive, join the A & K "roadshow" which over three weeks takes them round the travel agents of 12 big US cities.

Annual subscription for those accepted into Pride of Britain is around £7,000. The main marketing tool is a full colour brochure, which this year, its 10th anniversary, boasts a foreword by the prime minister. Some 150,000 copies are printed, of which 40,000 go to America and the rest to representative offices around the world. The association's London flagship, the Beaufort, received 10 per cent of its bookings last year as a result of its membership.

Established in 1954, the Relais and Chateaux group is larger and more widely established – it boasts a print run of 1m copies for its guide and 387 member hotels and restaurants in 40 countries.

Its French origins and its five guiding principles – Character, Courtesy, Calm, Charm and Cuisine – do mean however that for a small hotel membership can require considerably more capital investment.

Once accepted, membership can be very influential. At Gidleigh Park in Devon the guide brings in 13 per cent of their resident business (worth about £120,000) compared to a total of 15 per cent as a result of inclusion in all other guides.

The annual cost depends on the number of rooms and the shield rating (a highly complicated system based on size and facilities). At Gidleigh Park, with 15 rooms and a yellow shield, it is approximately £7,000; at Chewton Glen in Hampshire, with a gold shield and 58 rooms, the cost is £9,000 a year.

Nor is this investment instantly rewarded. Last year when the Capital Hotel in London joined the group, Mr David Levin, its owner, was told that it could be three years before he noticed any new business as a result.

Small Luxury Hotels of the World is an organisation which today represents over 80 hotels around the world as a result of the marriage in 1991 between the British-based Prestige Hotels of Europe and Small Luxury Hotels and Resorts of North America.

Of the three organisations Small Luxury Hotels places the strongest emphasis on marketing to meet changing consumer demand. Its latest catalogue not only includes a number of cruise ships, an offer of special packages with travel incentives among member hotels but also a clear listing of conference facilities for their corporate clients.

The Japanese expect men to be served first at the dinner table

There is a minimum initiation fee of $5,000 to join and a minimum annual fee for hotels with fewer than 20 bedrooms of $7,500. All rooms above 20 are charged at $285 a room to a maximum of 150.

Other small hotels have used the more personal marketing services of such firms as Payne and Dagworthy (he ex-Ritz, she ex-Savoy) who will charge £8,000 to £12,000 a year for their marketing services. And others have gone more directly to source. For instance, Hartwell House in Oxfordshire has sought the advice of the Japanese Embassy in London not only to attract new custom but also to ensure that Japanese guests are treated as they expect to be with, for example, the men being served first at the dinner table.

Price is another major marketing factor, but it is one less suitable for the small hotels. In the bigger, more impersonal hotels there is little chance of guests discussing their room rates but in the bar of a small hotel this can only too easily happen and lead to irate customers.

But if discounting is not a viable proposition for the small luxury hotels, then possibly all-inclusive pricing may be. This has been the policy at the Beaufort in London since it opened in 1986: one price which includes bed, breakfast, a free bar and a long list of personal extras such as a restaurant guide compiled by the owner and membership of a local health club.

Corporate clients over the past six months include IBM, Nomura and Hanson. Naturally delighted with this trend, the Beaufort's owner, Ms Diana Wallis, is only surprised that other hoteliers have not copied her.

Hotels' computer reservations

Continued from Page 4

than they did in the 12 months to February.

Holiday Inn is already undertaking a 2½-year $60m upgrading of its hardware and software with the aim of refining its ability to balance a room rate with vacancies and guests' length of stay. The old system registered no vacancy if a room at the desired rate was not available on the first night. The new system will check whether the right type of room is free on subsequent nights, then pull up a different room (but at the same price) for the first night. Holiday Inn estimates the new system will staunch the loss of $125m in US revenues caused by the old's inability to factor in guests' length of stay.

When one considers that 45 per cent of all hotel rooms in the world are in the US, and 53 per cent are in Europe, international sales to North America and the Continent will be of ongoing importance to IT suppliers in the sector. At least half a dozen systems designers and software specialists offer service support in at least one foreign language.

Technology notwithstanding, the hotel business remains one of service and personal relations. As Mr Marty Silverman, an IT specialist with management consultants Booz Allen, told an industry conference in London in April: "IT won't deliver sustained competitive advantage to the hotel sector unless a lot of things change around it – the features you advertise, the liaisons you forge, the way you train your staff."

Peter Miller

Companies can save 10 per cent of their travel and entertainment spending, it is claimed

Cost-efficiency of the corporate card

WITH THE recession biting deep into UK corporate budgets, the main players in the corporate cards market believe that their hour has come round at last.

The logic is simple. For years American Express and Diners have been arguing that a corporate card is not a licence for employees to spend money but a cost-efficient way of enabling the accounts department to monitor travel and entertainment (T&E) spending, detect possible delinquencies and, above all, to identify areas where savings can be obtained by negotiating bulk purchase deals with airlines and hotels.

Now they believe that many companies are beginning to listen more attentively. T&E is the second largest expense for many corporations after the salary bill. The sums involved are formidable. In Japan, annual T&E spending is around $35bn (£17.7bn) a year, and in Britain it will be around £18bn this year.

The 1991 figure reflects the impact of the recession. Budgets are shrinking. Last year the UK total expenditure for T&E was £20bn.

Corporate eagerness to cut spending has enhanced potential appeal of the information management functions of business card schemes.

"More and more corporations are looking closely at their expense base and trying to cut back, perhaps by booking economy tickets instead of business class or business class instead of first class. That means they want good quality information to enable them to make their purchases better," says Mr Jim Jamison, vice-president of travel management services at American Express.

Amex claims that its corporate card services, linked to its other travel facilities including its travel agency operation, can enable companies to shave

"The benefit to the client is that the lodge account improves cash flow"

between 10 and 30 per cent off hotel bills and air tickets. By itself, the corporate card scheme should be able to save companies at least 10 per cent on their T&E spending.

"That implies that there is a potential £1.8bn saving in the British market alone," says Mr Jamison. "The link between travel services and the payment instrument is going to become more and more critical for many companies."

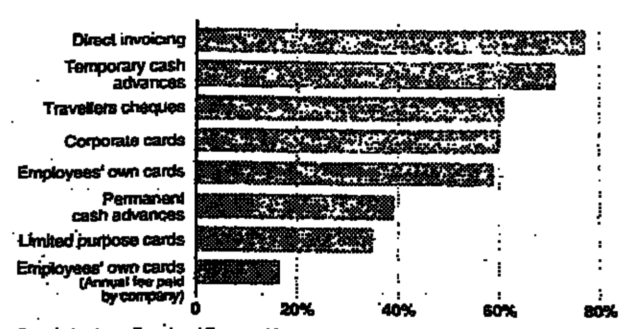
A separate trend in the market is that more companies these days want their on-line information, so that it can be easily integrated with other computerised cost-control operations, and fewer prefer data on paper.

A related development is the steady growth of lodge card services in which a corporate charge card issuer, Diners Club or American Express, links up with a travel agency to provide an integrated service to a corporate client.

Gray Dawes, a London travel agent, says that about 53 per cent of all the air tickets it sells to companies are now issued on the lodge card system.

All the tickets issued are charged to a lodge card held by the travel agent on behalf of the company. "The benefit to

Payment methods used by companies



Source: Business Travel and Expense Management Report, 1992

the client is that the lodge account improves his or her cash flow. We would normally be able to offer only 10 days' credit by ourselves. But with billing from Diners, companies can get up to 54 days' credit on average," says Mr Ray Hopkins, Gray Dawes managing director.

The client can also benefit from Diners' ability to offer worldwide facilities such as airport lounges and to supply detailed management information reports splitting up T&E expenditure into cost centres and enabling companies to track the way that their staff use money and to negotiate concessions.

Why use Diners rather than Amex for the lodge card? One reason could be that travel agents do not easily forget that Amex itself is the largest travel agent in the world. Amex lodge card facilities are available when customers want them.

Diners Club has also made impressive progress in the co-branded card, a route which American Express (apart from cards which share branding with a bank) has so far refused to go down.

By combining the Diners card with a British Airways affinity branding, clients have been provided with some impressive additional benefits which Diners Club could not have offered alone: priority wait-listing on British Airways flights, upgrades at British Airways partnership hotels and car rental discounts.

"Our aim has been to generate high volume accounts and offer multi-user card products," says Mr Tony Stuart, general manager of the British Airways Diners Corporate card scheme. More than 500 companies, with annual T&E budgets of more than £500,000, now use the card.

Plans to develop it further over the next 12 months focus mainly on helping companies improve their administrative control over their T&E budgets. In the longer run the British Airways Diners Club Corporate Card will be integrated into the British Airways Executive Club, offering an even greater range of enhancements.

In terms of numbers of cards issued, the corporate card business is still overwhelmingly dominated by American Express, with Diners Club recovering some ground through its lucrative niche in the co-branded airline cards.

In the UK, Amex's market

Impressive additional benefits such as priority wait-listing on British Airways flights

share appears to be around 50 per cent of the total, though the company declines to give a figure for 1992, saying merely that corporate cards make up a large chunk of the 1.1m UK American Express cardholders and that even many of the personal cards are mostly used for business spending on T&E.

Visa business cards are making strong inroads at the lower end of the market. Company Barclaycard has been growing steadily since its launch two years ago. There are now 216,000 Company Barclaycards in circulation and £670m worth of goods and services was purchased with them last year.

One advantage a Visa corporate cardholder has over those using Amex and Diners is the much greater range of outlets – 360,000 in the UK and 8.2m worldwide. By contrast Diners has 120,000 UK retail outlets and Barclaycard can streess that its use is not just confined to T&E purposes: the company is pushing it for the purchase of office supplies and equipment in place of traditional petty cash advances.

For Amex, charges begin at £37.50 for a personal card but drop sharply per card if a company issues a large number of cards to its employees. For a company with more than 1,000 cards issued, Amex would charge £9 per card. Larger than that and the company would probably negotiate a flat management fee.

David Barchard

Case study: GRAY DAWES AND LLOYDS INTERNATIONAL

Advantages of an implant

COMPANIES ARE at last paying as much attention to their travel budgets as they have traditionally lavished on their advertising expenditures or their vehicle fleets.

Lloyds Bank spends around £5m a year on travel, with just over £2m going on air tickets and almost £3m on hotel accommodation. Last year, just as companies ask for speculative pitches from advertising agencies, so Lloyds asked for proposals from 10 specialist companies on how best to run its travel purchasing. The winner would set up an implant, a four-strong travel agency, plus a messenger, inside Lloyds Hay's Lane building to handle the travel needs of the entire Lloyds group.

After viewing four presentations, Mr Glyn Farrell, who manages Lloyds Personnel and Travel Services, chose Gray Dawes Travel.

It was hardly surprising. The City-based Gray Dawes had first started to work for Lloyds International on an ad hoc basis 10 years ago. Five years ago it established its own team inside Lloyds.

After inspecting the field Mr Farrell stuck with the travel specialists he knew. In three years' time he will keep Gray Dawes on its toes by repeating the trawl.

Mr Farrell reckons that by using a specialist implant travel bureau Lloyds both saves money and operates more efficiently. Apart from local trips of up to about 40 miles, all the travel needs of Lloyds managers go through the Gray Dawes team, which issues tickets, makes hotel

Other than trips of up to about 40 miles, all the travel needs of Lloyds managers go through the Gray Dawes team

bookings, arranges currency, renews passports and obtains visas from an office alongside that of Mr Farrell. Soon there might be satellite offices which might also be capable of issuing tickets, etc.

In his latest review Mr Farrell examined the cost of reviving an internal department, or of putting travel needs out to an outside agency (where there is the danger of being just one client among many) and concluded, as more and more large companies do, that the implant system is the most efficient.

As well as the expertise of the travel team seconded to it, Lloyds saves on the personnel costs, such as pensions and financial perks, of employing its own staff. And if for any reason a face does not fit, Gray Dawes can switch the employee to another client.

Mr Farrell might well see some of the airline or hotel representatives who visit him with tempting discount offers and pass on their suggestions to Gray Dawes, but they handle all the arrangements. Each month he is provided with a detailed computerised break-

Gray Dawes travel office in Lloyds Bank, Hays Galleria, London

down of Lloyds travelling expenses, which enables him to pinpoint which executive went where and at what cost. Over the years the travelling has increased but the budget has stayed roughly the same.

Obviously, the recession has hit the airlines and the hotels hard and they have responded by chasing business customers with attractive offers. But not that attractive. Lloyds and Gray Dawes work with a limited number of airlines in order to secure discounts from achieving target expenditures but, on air travel, discounts rarely top 5 per cent of the listed price, although competition is forcing them marginally higher.

However, Gray Dawes attempts to exploit all the Apex savings available from early booking. Currently British Airways, United, and Virgin (its new mid class is deemed attractive to executives) serve Lloyds' transatlantic requirements. For Europe the need for speed and the general absence of discounts mean that the most efficient flight is booked irrespective of the carrier. The opening up of the skies over Europe could greatly reduce business travel costs on the Continent.

Like most companies, Lloyds is cutting back on first-class and business class travel. It not only saves money but conveys an appropriate cost trimming image for the times. Only 150 Lloyds executives are frequent international travellers and around 30 can expect to go first-class.

In the last five years the company has reduced first-class travel by around 20 per cent. Expenditure on business class travelling has also been curbed, although if an airline makes a special promotional

Lloyds is happy to take advantage of deals. But it does not encourage an upgrade mentality in the company

offer of upgrades for frequent business fliers (and the new American airlines crossing the Atlantic are particularly inclined to do so) Lloyds is happy to take advantage of the deals. It allows its executive to discover his or her good fortune on arrival at the airport. It does not want to encourage an upgrade mentality in the company.

In the current business climate discounts of up to 50 per cent on hotel accommodation can be secured by Gray Dawes, and not only by dealing with the big international hotel chains. However, if executives complain about a hotel, it is quickly dropped from the schedule. Mr Farrell believes that many companies keep a close watch on their travel costs but waste money on the more expensive area of accommodation.

It is not the travel department's task to fix the budgets: the various departments in Lloyds know their travel needs best. But Mr Farrell helps to police them and to ensure that they stay within the fixed limits and take advantage of any special offers that come on to the market. By having a travel company working exclusively in-house on its behalf, Mr Farrell believes that expertise, efficiency and effort are as good as doubled.

Antony Thorncroft

David Churchill looks at how hard-pressed executives can get the best from their travel

Keeping in style in the harsh 1990s

REMEMBER the British Airways television commercial of a few years ago that had an executive flying on the "red eye" to New York and arriving in top shape - much to the consternation of the people he was doing business with who thought he would arrive tired and bedraggled?

That commercial neatly summed up the benefits of flying Club Class in a world where the high-flying executive was king.

In the heady days of the late 1980s, nothing was apparently too good for the business traveller as he (or she) forged new business overseas.

But in the harsher business world of the 1990s, business executives are increasingly told by their companies that they must fly at the back of the aeroplane, stay in a (not that convenient or comfortable four-star rather than five-star hotel, and drive a smaller hire-car.

Yet, all is not lost. The savvy business traveller knows how to get the best of a bad deal; how to exploit the opportunities for travelling in style at an economy price.

Here are a few of those ways.

1. Accept the company diktat to fly economy - but get an upgrade. Easier said than done, but with the mass of coach class travellers on budget tickets, full fare-paying economy ticket holders are usually first in line for an upgrade to business. It is essential, however, for men to wear at least a jacket and tie (preferably a suit) and for women travellers to be smartly dressed.

2. Ask politely at the check-in desk if an upgrade is available – hint at wanting to do some serious work aboard. If no luck at the check-in, ask the chief purser when on board the aircraft: he has the authority to upgrade you if space is available.

An alternative is to fly Virgin Atlantic which has introduced a new Mid Class service on its flights. This gives full-fare paying passengers the equivalent of a business class seat on any other airline; Virgin's Upper Class seats (which sell at business class prices) are the equivalent of first class seats on other airlines. Downgrading from upper class to mid class will, for example, save the travelling executive over £1,500 on a round trip to Tokyo. The drawback to the mid class

The Japanese expect men to be served first at the dinner table

service is that the food is the same as in economy, although there are separate check-in counters and priority baggage handling.

3. Join an airline club which provide a range of extra services and facilities for frequent flyers. Most airlines will either charge a fee for joining or limit membership to executives who have flown a certain number of miles with that airline. British Airways, however, has adopted a different approach: everyone who flies on a paid-for ticket with BA can qualify for membership of the first tier (blue) of its executive club. This provides few real benefits – no access to lounges, for example – but puts you on course (according to how many Club Class flights you make in a year) for silver or gold membership where the real perks are. Apart from lounge access, silver or gold members are usually first in line for an upgrade.

4. Use a specialist business travel agent to organise your business travel needs, rather than just asking the local agent – who primarily handles holidays – to make the booking.

Specialists buy a lot of travel, not just for you but for their other clients as well, and this gives them access to some of the best discounts and special offers available. Using a recognised business travel agent (most are members of the Guild of Business Travel Agents) can also help get an upgrade: the airlines are willing to do this on occasion for their best customers, but obviously not always as this would discourage business and first class bookings.

5. Small companies and individuals who want the benefits of bulk buying and other perks can join a specialist members-only travel club, such as Wexas or the International Airline Passengers Association. Wexas Gold Card membership at £148.53 a year, for example, offers personal travel consultants, discounts on business and first-class fares and access to the cheapest economy fares, and free ticket delivery in central London. IAPA, whose membership costs a basic £45 without any travel insurance or upwards of £59 depending on the level of insurance cover, also offers substantial discounts on car rental and hotel prices. (Wexas: 071 589 3315; IAPA: 081 681 6555).

6. Hotels, squeezed by the

Cheaper long-haul flights may include multiple stop-overs so that one loses a working day

recession, have been looking for ways of offering better value to business travellers. Hyatt, for example, allows all guests to enrol as members of its Gold Passport programme – after that they accumulate points according to how much they spend in the hotel. These points can then be used to obtain room upgrades and discounts on accommodation and meal costs.

The Conrad Hotel in Hong Kong has introduced a "Business Bonuses" programme: those paying the published room rate (as opposed to a heavily discounted price) get a free limousine to and from the airport, room upgrade, and other benefits including a free laundry service. Even some of the Savoy Group of luxury London hotels – including Claridge's, Berkeley and the Savoy – are wooing Australian and American guests with car transfers and free golf at the Wentworth Club.

7. Car rental companies have been having a pretty torrid time with the recession and rates have become very competitive. But if you want a better service, then join a club such as the special Avis Club, membership of which is free. This guarantees members the best possible deal around, along with extra discounts in certain circumstances plus an upgrade.

These are some of the tips to make the best of the current squeeze on business travel.

However, Mr Ron Spiers, publishing director of the ABC World Airways Guide, who is a frequent business traveller clocking up an average of 120,000 miles in travel a year, believes the savvy traveller should look for some of the hidden drawbacks of international travel as well.

"With trips to the Far East, for example, I have found it really pays to check total elapsed time carefully, as a number of cheaper long-haul flights include multiple stop-overs which can add several hours to the journey, and in effect lose you a whole working day," he says.

His main cause of frustration, however, is the inflexibility of some tickets. "There can be few things more aggravating than to rearrange your flights and to find you have to pay a significant premium to change your flight," he says.

Silver jubilee of a British organisation which is the driving force behind European body

Guild remains confident on growth

THE Guild of Business Travel Agents celebrates its silver jubilee this year against a background of some of the toughest trading conditions that its 41 members have ever experienced. Yet the guild remains confident that the future for business travel remains strong – helped by such factors as the deregulation of European frontiers from next year – even amid the present economic uncertainty.

"There is no doubt that companies will continue to need to spend money on business travel in the 1990s as the pace of international business picks up," says Mr David Whittaker, joint managing director of The Travel Company and current chairman of the guild.

So confident are guild members of the growth of business travel, especially on a pan-European basis, that it has been the driving force behind the formation of the Guild of European Business Travel Agents, an umbrella body for the fledgling business travel agency associations that the British guild has helped nurture across seven other European countries.

The European guild's objective is "to speak and act in unity for the benefit of the business traveller and the member agents who serve him or her". Its 200 or so members have a combined turnover of some $10bn – giving them substantial clout in the increasingly global world of suppliers such as airlines, hotel chains and car rental companies.

Members of the UK guild

The $10bn turnover gives them substantial clout in the global world of suppliers

alone generated an annual turnover of £3.4bn – almost £10m a day – from over 1,900 outlets in Britain. They were also collectively responsible for handling over three-quarters of all air traffic generated by agents in the UK.

The scale of the guild members' operations in the 1990s would seem almost a dream in 1967 to the half-dozen travel agents specialising in business travel who banded together to form the guild, believed to be the first such travel trade association of its type in the world. At that time, for example, British Airways did not exist – it was still in the days of BOAC and BEA – and Concorde had yet to fly. The two airlines between them handled some 9m passengers – compared with the 25m carried by BA now.

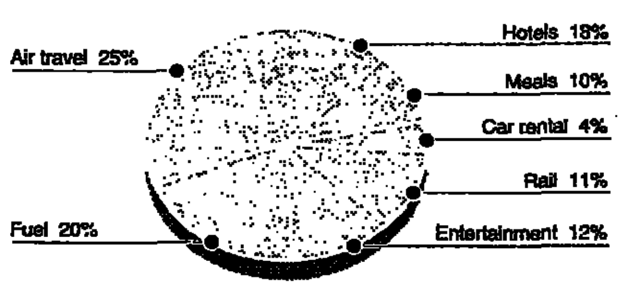
What prompted the formation of the guild 25 years ago was the feeling that the Association of British Travel Agents was more concerned with the interests of leisure travellers rather than of those travelling on business. The specific concerns of business travellers were sometimes lost amid Abta's concern for the blossoming package holiday trade.

The guild's early days were concerned with fighting the uphill battle of getting a better deal for business travellers – especially in the days when business class cabins were unheard of. Moreover, hefty price discounting by the airlines in the mid-1970s prompted the guild to launch its own "bucket-shop" type of discounted fares operation for members, which has developed into a more structured system now called Guildfare.

The growing demands of the guild's members in the 1980s saw it turn itself into a limited company in 1987, controlled by a 12-strong board of directors. Mr David Reynolds is now the guild's full-time chief executive, enabling the elected chairman to concentrate on the lobbying duties which form the backbone of the guild's operations.

"There are many important issues that concern business travel agents and their customers and we spend a great deal of time and effort trying to sort out the problems before they arise," explains Mr Whittaker.

Travel and entertainment expenditure



Source: Business Travel and Expense Management Report, 1992

One recent concern, for example, has been the plans by the European Commission for member states to impose VAT on air fares at a rate of not less than 5 per cent. "We've been fighting this one all the way and we hope that they are now beginning to see sense," says Mr Whittaker. "It's incredible that there should be moves to put up air fares by imposing VAT at the same time as the whole issue of the level of European air fares is under review."

The EC, as well as the UK government, is also being lobbied by the guild over the proposed directive on package holiday travel. As presently worded, the directive, which comes into force next year, would bring business travel within the directive's remit as well as package holidays.

The guild is also concerned over the delays about the planned expansion of Heathrow airport which it believes will enable other European airports to win business away from the UK. It would also like to see greater efforts made by the BAA, which owns Heathrow and other major UK airports, to enable business travellers to have the fastest possible transit through airports.

"Since the business traveller already has to cut a swathe through the tourist throngs at Heathrow, we want to see a clear plan for reducing terminal congestion while we await the new terminal five," says Mr Whittaker. "But the noises from the BAA are not encouraging so far – in fact they seem to be giving even more space to shopping areas."

The guild is also putting pressure on the government to speed up immigration queues at Heathrow which, it believes, are offputting for regular business travellers.

Apart from its lobbying role, the guild has been active in two other key areas of interest to good business travel management.

Firstly, it has spent considerable effort to improve the quality of training among business travel staff. It believes that organising the best deals for corporate travel requires a higher level of expertise than is usual in high street holiday travel agents. Hence, the guild has worked with Abta's national training board and the City and Guilds examination board to establish a four-stage level of training for agency staff which will enable them to claim the professional qualification, Certificate of Business Travel.

The second area where the guild has played an active role is in the development of the computer-driven technology which is rapidly changing the way agents do business.

"Without this new technology, business agents would not be able to keep pace with the growing demand from companies for a global travel service," points out Mr Whittaker.

David Churchill